

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
EIN: 48-0724652
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS
AUDIT REPORT JUNE 30, 2010

KICKHAEFER & ASSOCIATE, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
MARYSVILLE, KANSAS 66508

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

SPECIAL FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

TABLE OF CONTENTS

	<u>ITEM</u>	<u>PAGE NUMBER</u>
	FINANCIAL INFORMATION	
	Independent Auditor's Report on Financial Statements	1-2
Statement 1	Summary of Cash Receipts, Expenditures, and Unencumbered Cash	3-5
Statement 2	Summary of Expenditures - Actual and Budget	7
Statement 3	Statement of Cash Receipts and Expenditures - Actual and Budget	9-26
Statement 4	Agency Funds - Statement of Cash Receipts and Cash Disbursements	27
Statement 5	District Activity Funds - Statement of Cash Receipts, Expenditures, and Unencumbered Cash	29
Statement 6	Component Unit (The U.S.D. #498 Foundation) Statement of Cash Receipts and Expenditures - Actual	31
Statement 7	Component Unit (Valley Heights Area Community Education & Action Council) Statement of Cash Receipts and Expenditures - Actual	33
	Notes to the financial statements	35-46
	INTERNAL CONTROL AND COMPLIANCE INFORMATION	
	Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	47-48
	FEDERAL AWARD INFORMATION	
	Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	49-50
Statement 8	Schedule of Expenditures of Federal Awards	51
	Notes to the Schedule of Expenditures of Federal Awards	53
	Schedule of Findings and Questioned Costs	55-56
	SUPPLEMENTAL INFORMATION	
Schedule 1	Comparison of Depository Security with Funds on Deposit	57
Schedule 2	The USD #498 Foundation Schedule of Receipts and Disbursements	59

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

FINANCIAL INFORMATION

KICKHAEFER & ASSOCIATE, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

Kenneth L. Kickhaefer, CPA

PO BOX 269, 1100 BROADWAY
MARYSVILLE, KS 66508-0269

(785) 562-2100
FAX (785) 562-2166

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Board of Education
Unified School District No. 498
Waterville, Kansas 66548

We have audited the accompanying financial statements of the governmental activities, and the aggregate discretely presented component units for the Unified School District No. 498, Waterville, Kansas, as of and for the year ended June 30, 2010, which collectively comprise the district's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Unified School District No. 498, Waterville, Kansas' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of The United States, and the *Kansas Municipal Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

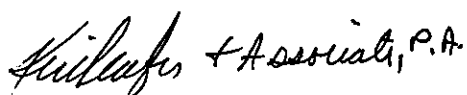
As described in note 1.C, the Unified School District No. 498, Waterville, Kansas, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District No. 498, Waterville, Kansas, as of June 30, 2010, the changes in its financial position, or, where applicable, its cash flows for the year then ended. Further, the school district has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the Unified School District No. 498, Waterville, Kansas, as of June 30, 2010, and its cash receipts, cash disbursements, and expenditures compared to budget, for the year then ended on the basis of accounting described in note 1.C.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 14, 2011, on our consideration of the Unified School District No. 498, Waterville, Kansas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Unified School District No. 498, Waterville, Kansas' basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Similarly, the information identified in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements of the district. The schedule of expenditures of federal awards and the supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole on the basis of accounting described in note 1.C.



Kickhaefer & Associate, P.A.
Maryville, Kansas
February 14, 2011

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

STATEMENT 1
PAGE 1 OF 3

SUMMARY OF CASH RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

FUND	BEGINNING		PRIOR YEAR	CASH	EXPENDITURES		ENDING		ADD
	UNENCUMBERED	CASH			UNENCUMBERED	CASH	UNENCUMBERED	CASH	
GENERAL FUND	UNENCUMBERED	CANCELED	ENCUMBRANCES	RECEIPTS	ENCUMBRANCES	AND ACCOUNTS	PAYABLE	BALANCE	ENDING
SUPPLEMENTAL GENERAL	BALANCE	ENCUMBRANCES						BALANCE	BALANCE
	\$	\$	\$	\$	\$	\$	\$	\$	\$
GOVERNMENTAL TYPE FUNDS:	(231,593.80)	0.00	0.00	3,188,994.07	3,231,662.72	274,262.45	21,103.14	(253,159.31)	
GENERAL FUND	(93,170.36)	0.00	0.00	1,030,274.22	1,046,173.00	(109,069.14)	10,323.40	(98,745.74)	
SPECIAL REVENUE FUNDS:									
CAPITAL OUTLAY	561,347.08	0.00	0.00	101,514.97	47,150.08	615,711.97	0.00	615,711.97	
DRIVER TRAINING	3,504.04	0.00	0.00	2,325.00	4,211.08	1,617.96	0.00	1,617.96	
AT RISK 4 YEAR OLD	4,841.38	0.00	0.00	16,800.00	15,048.37	6,593.01	0.00	6,593.01	
FOOD SERVICE	35,413.49	0.00	0.00	286,102.02	281,089.65	40,415.86	0.00	40,415.86	
PROFESSIONAL DEVELOPMENT	4,418.54	0.00	0.00	21,049.22	15,303.52	10,164.24	0.00	10,164.24	
AT RISK K-12	18,908.70	0.00	0.00	359,635.09	321,421.56	57,122.23	0.00	57,122.23	
PARENT EDUCATION PROGRAM	11,586.56	815.00	0.00	99,738.06	99,737.91	12,401.71	128.57	12,528.28	
SUMMER SCHOOL	100.56	0.00	0.00	1,352.00	1,452.15	0.41	0.00	0.41	
SPECIAL EDUCATION	79,763.97	0.00	0.00	752,705.29	706,641.62	125,827.64	0.00	125,827.64	
BILINGUAL EDUCATION	0.00	0.00	0.00	1,100.00	1,093.22	6.78	0.00	6.78	
VOCATIONAL EDUCATION	177.03	0.00	0.00	124,481.28	94,221.54	30,436.77	0.00	30,436.77	
KPERS SPECIAL RETIREMENT CONTR. FUND	0.00	0.00	0.00	178,316.04	178,316.04	0.00	0.00	0.00	
CONTINGENCY RESERVE	207,512.45	0.00	0.00	0.00	0.00	207,512.45	0.00	207,512.45	
GIFTS & GRANTS	3,474.53	0.00	0.00	4,490.00	2,573.55	5,380.98	186.20	5,567.18	
TEACH AMERICAN HISTORY	1.00	0.00	0.00	0.00	0.00	1.00	0.00	1.00	
HRSA GRANT	(73.09)	0.00	0.00	68,667.40	68,667.40	0.51	0.00	0.51	
RURAL EDUCATION ACHIEVEMENT PROGRAM	(70.76)	0.00	0.00	7,200.00	6,644.65	484.59	0.00	484.59	
EARLY CHILDHOOD BLOCK GRANT	(4,202.87)	43.68	0.00	55,644.00	63,630.25	(12,145.46)	0.00	(12,145.46)	
TITLE I	0.00	0.00	0.00	69,188.00	69,188.00	0.00	0.00	0.00	
TITLE IV	0.00	0.00	0.00	1,060.82	1,060.82	(60.82)	0.00	(60.82)	
TITLE II - D	0.00	0.00	0.00	587.00	587.00	0.00	0.00	0.00	
TITLE II - A	0.00	0.00	0.00	19,262.00	19,262.00	0.00	0.00	0.00	
TITLE I - ARRA	0.00	0.00	0.00	11,670.00	9,666.79	2,103.21	0.00	2,103.21	
KS AFTERSCHOOL ENHANCEMENT GRANT	(6,250.00)	0.00	0.00	49,850.00	42,777.14	822.86	0.00	822.86	
GATE RECEIPTS FUND	592.50	0.00	0.00	45,624.51	41,459.30	4,757.71	0.00	4,757.71	
SCHOOL PROJECT FUNDS	7,245.48	0.00	0.00	85,739.41	83,305.81	9,679.08	0.00	9,679.08	
DEBT SERVICE FUNDS:									
BOND AND INTEREST	179,907.46	0.00	0.00	278,488.21	249,382.50	209,013.17	0.00	209,013.17	
CAPITAL PROJECTS FUNDS:									
CONSTRUCTION	1,316,018.87	0.00	0.00	12,331.65	1,200,626.30	127,724.22	1,157.08	129,881.30	
FIDUCIARY TYPE FUNDS:									
EXPENDABLE TRUSTS:									
L.E. WILLSON TRUST	273,093.57	0.00	0.00	163,987.20	118,721.15	318,359.62	0.00	318,359.62	
VALLEY HEIGHTS ACTIVITY SCHOLARSHIPS	7,004.18	0.00	0.00	25,198.00	26,329.00	5,873.18	0.00	5,873.18	
NONEXPENDABLE TRUSTS:									
W. HANKE SCHOLARSHIP	5,000.00	0.00	0.00	114.00	114.00	5,000.00	0.00	5,000.00	
TOTAL PRIMARY GOVERNMENT	2,384,650.51	858.66	858.66	7,063,472.24	8,047,408.12	1,401,473.29	32,896.39	1,434,369.68	
COMPONENT UNITS:									
THE USD #98 FOUNDATION	477,334.73	0.00	0.00	29,652.17	61,080.98	445,905.92	0.00	445,905.92	
V.H. AREA COMM. EDUC. & ACTION COUNCIL	3,866.44	0.00	0.00	59,490.00	60,969.83	2,386.61	0.00	2,386.61	
TOTAL REPORTING ENTITY (Excluding Agency Funds)	\$ 2,865,751.68	\$ 858.66	\$ 858.66	\$ 7,152,614.41	\$ 8,169,458.93	\$ 1,849,765.82	\$ 32,896.39	\$ 1,882,662.21	

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 488
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

STATEMENT 1
PAGE 2 OF 3

SUMMARY OF CASH RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

COMPOSITION OF CASH: CASH IN BANK, CITIZENS STATE BANK, WATERVILLE, KANSAS	BEGINNING UNENCUMBERED CASH BALANCE	PRIOR YEAR CANCELED ENCUMBRANCES	CASH RECEIPTS	EXPENDITURES	ENDING UNENCUMBERED CASH BALANCE	ADD OUTSTANDING ENCUMBRANCES AND ACCOUNTS PAYABLE	ENDING CASH BALANCE
- CHECKING ACCOUNT #110124							\$ (4,575.31)
- CHECKING ACCOUNT #209449							724.09
- CHECKING ACCOUNT #222909							304.82
- SUPERNOW ACCOUNT #211508							32,982.54
- MMDA ACCOUNT #227641 - WILLSON COMM. EDUC.							77,621.17
- CERTIFICATE OF DEPOSIT #23878, DUE 8-4-10, 1.0%							100,000.00
- CERTIFICATE OF DEPOSIT #23882, DUE 7-12-10, 1.0%							150,040.89
- CERTIFICATE OF DEPOSIT #23884, DUE 7-13-10, 1.0%							100,000.00
- CERTIFICATE OF DEPOSIT #23885, DUE 7-13-10, 1.0%							100,000.00
- CERTIFICATE OF DEPOSIT #23889, DUE 7-19-10, 1.0%							50,000.00
- CERTIFICATE OF DEPOSIT #23890, DUE 7-26-10, 1.0%							100,000.00
- CERTIFICATE OF DEPOSIT #23894, DUE 7-27-10, 1.0%							50,000.00
- CERTIFICATE OF DEPOSIT #23895, DUE 7-27-10, 1.0%							100,000.00
- CERTIFICATE OF DEPOSIT #23552, DUE 7-19-10, 1.0% - WILLSON							15,000.00
- CERTIFICATE OF DEPOSIT #1341, DUE 7-4-10, 1.0% - WILLSON							20,000.00
- CERTIFICATE OF DEPOSIT #16238, DUE 7-5-10, 1.0% - WILLSON							10,000.00
- CERTIFICATE OF DEPOSIT #1829, DUE 7-13-10, 1.0% - WILLSON							25,000.00
- CERTIFICATE OF DEPOSIT #19889, DUE 7-15-10, 1.0% - WILLSON							50,000.00
- CERTIFICATE OF DEPOSIT #21111, DUE 7-9-10, 1.0% - WILLSON							10,000.00
- CERTIFICATE OF DEPOSIT #21773, DUE 7-12-10, 1.0% - WILLSON							10,000.00
- CERTIFICATE OF DEPOSIT #22582, DUE 7-06-10, 1.0% - WILLSON							25,000.00
- CERTIFICATE OF DEPOSIT #1330, DUE 7-29-10, 1.0% - WILLSON							10,000.00
- CERTIFICATE OF DEPOSIT #21780, DUE 7-03-10, 1.0% - WILLSON							20,000.00
- CERTIFICATE OF DEPOSIT #23817, DUE 7-26-10, 1.0% - WILLSON							10,000.00
- CERTIFICATE OF DEPOSIT #23818, DUE 7-26-10, 1.0% - WILLSON							25,004.47
- CERTIFICATE OF DEPOSIT #6236, DUE 7-31-10, 2.5% - W. HANKE SCHOLARSHIP							25,004.47
							5,000.00
SUBTOTAL CITIZENS STATE BANK							1,107,107.14
CASH IN BANK, STATE BANK OF BLUE RAPIDS, KANSAS							
- CHECKING ACCOUNT #1042180							2,633.91
- SUPERNOW ACCOUNT #1032480							1,392.02
- MMA ACCOUNT #1049980							(280,985.69)
							622,182.19
SUBTOTAL STATE BANK OF BLUE RAPIDS, KANSAS							345,222.43
TOTAL CASH							1,452,329.57
							(cont.)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

STATEMENT 1
PAGE 3 OF 3

SUMMARY OF CASH RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	BEGINNING UNENCUMBERED CASH BALANCE	PRIOR YEAR CANCELED ENCUMBRANCES	CASH RECEIPTS	EXPENDITURES	ENDING UNENCUMBERED CASH BALANCE	ADD OUTSTANDING ENCUMBRANCES AND ACCOUNTS PAYABLE	ENDING CASH BALANCE
COMPOSITION OF CASH:							
TOTAL CASH							\$ 1,452,329.57
LESS AGENCY FUNDS per STATEMENT 4							(17,959.89)
TOTAL REPORTING ENTITY CASH (Excluding Agency Funds)							1,434,369.68
COMPONENT UNIT - U.S.D. 498 FOUNDATION							(44.49)
CASH IN BANK							211.83
CITIZENS STATE BANK, WATERVILLE, KANSAS							2,925.30
-CHECKING ACCOUNT #312074							10,000.00
-CHECKING ACCOUNT #184670							10,000.00
-MMDA ACCOUNT #620897							2,051.05
-CERTIFICATE OF DEPOSIT #21642, DUE 3-2-11, 1.6%							
-CERTIFICATE OF DEPOSIT #22636, DUE 9-7-10, 1.8%							
-CERTIFICATE OF DEPOSIT #1560, DUE 7-5-12, 5.05%							
STATE BANK OF BLUE RAPIDS, BLUE RAPIDS, KANSAS							21,364.02
-CERTIFICATE OF DEPOSIT #1198316, DUE 10-28-10, 1.65%							20,074.55
-CERTIFICATE OF DEPOSIT #1198318, DUE 7-15-11, 2.6%							
INVESTMENTS AT COST							
THE TRUST CO., MANHATTAN, KANSAS							17,242.85
MONEY MARKET FUND							15,000.00
CITIZENS STATE BANK CD							25,000.00
FIRST NATIONAL BANK WAMEGO CD							20,000.00
HILLCREST BANK CD							25,000.00
KANSAS STATE BANK CD							20,000.00
JP MORGAN STEP UP CD							10,000.00
WELLS FARGO CD							45,000.00
FIRST COMMUNITY BANK							9,000.00
AZ FT DEFENCE							10,231.30
GENERAL ELECTRIC							10,000.00
FLMC DUE 2/25/25							8,650.00
EAST ROCHESTER NY FNMA							10,000.00
RIVER CITY STADIUM CA							9,629.80
TX DEPT OF HOUSING SFM REV							9,280.00
LA HOUSING FIN AGENCY SFM							7,044.14
HLR LLC (LITTLE ROCK HILTON)							4,632.05
SPARKS REG MED CTR COP							3,880.00
VANGUARD ST INVMT GRADE							25,000.00
LL&P WIND ENERGY WA							9,045.00
NJ ECON DEV							4,777.30
NM MTG (MANZANO MESA APT)							4,550.00
BAXTER SPRINGS KS PCR							9,943.70
LORD ABBETT AFL - 4523.592 shares							68,573.15
SUBTOTAL #498 FOUNDATION							445,905.92
COMPONENT UNIT - VALLEY HEIGHTS AREA COMMUNITY ED. & ACTION COUNCIL							
CASH IN BANK							2,386.61
CITIZENS STATE BANK, WATERVILLE, KANSAS							0.00
-CHECKING ACCOUNT #106809							
-CHECKING ACCOUNT #315416							2,386.61
SUBTOTAL VALLEY HEIGHTS AREA COMM. ED. & ACTION COUNCIL							
TOTAL REPORTING ENTITY (Excluding Agency Funds)							\$ 1,882,662.21

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

(This Page Intentionally Left Blank)

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

STATEMENT 2

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

FUND GOVERNMENTAL TYPE FUNDS:	CERTIFIED BUDGET	ADJUSTMENT TO COMPLY WITH		ADJUSTMENT FOR QUALIFYING BUDGET CREDITS	TOTAL BUDGET FOR COMPARISON	EXPENDITURES CHARGEABLE TO CURRENT YEAR	VARIANCE - OVER (UNDER)
		LEGAL MAX					
GENERAL FUND	\$ 3,230,566.00	\$ (116,452.00)	\$	117,548.72	\$ 3,231,662.72	\$	0.00
SUPPLEMENTAL GENERAL	1,046,173.00	0.00	0.00	0.00	1,046,173.00		0.00
SPECIAL REVENUE FUNDS:							
BILINGUAL EDUCATION	1,500.00	0.00	0.00	0.00	1,500.00	1,093.22	406.78
CAPITAL OUTLAY	590,000.00	0.00	0.00	0.00	590,000.00	47,150.08	542,849.92
DRIVER TRAINING	9,254.00	0.00	0.00	0.00	9,254.00	4,211.08	5,042.92
AT RISK 4 YEAR OLD	31,841.00	0.00	0.00	0.00	31,841.00	15,048.37	16,792.63
FOOD SERVICE	332,824.00	0.00	0.00	11,150.80	343,974.80	281,099.65	62,875.15
PROFESSIONAL DEVELOPMENT	20,000.00	0.00	0.00	0.00	20,000.00	15,303.52	4,696.48
AT RISK K-12	368,853.00	0.00	0.00	0.00	368,853.00	321,421.56	47,431.44
PARENT EDUCATION PROGRAM	111,359.00	0.00	0.00	0.00	111,359.00	99,737.91	11,621.09
SUMMER SCHOOL	13,950.00	0.00	0.00	0.00	13,950.00	1,452.15	12,497.85
SPECIAL EDUCATION	849,887.00	0.00	0.00	0.00	849,887.00	706,641.62	143,245.38
VOCATIONAL EDUCATION	115,178.00	0.00	0.00	0.00	115,178.00	94,221.54	20,956.46
KPERS SPECIAL CONTR. FUND	216,052.00	0.00	0.00	0.00	216,052.00	178,316.04	37,735.96
DEBT SERVICE:							
BOND AND INTEREST	249,383.00	0.00	0.00	0.00	249,383.00	249,382.50	0.50

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

(This Page Intentionally Left Blank)

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

STATEMENT 3
PAGE 1 OF 18

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	09-10 ACTUAL	09-10 BUDGET	VARIANCE - OVER (UNDER)
GENERAL FUND			
CASH RECEIPTS			
TAXES AND SHARED REVENUE--			
AD VALOREM PROPERTY TAXES -2008	\$ 8,620.50	\$ 16,211.00	\$ (7,590.50)
-2009	252,278.46	238,439.00	13,839.46
DELINQUENT PROPERTY TAX	3,660.39	2,053.00	1,607.39
TOTAL TAXES AND SHARED REVENUE	264,559.35	256,703.00	7,856.35
STATE SOURCES--			
GENERAL STATE AID	2,264,521.00	2,431,109.00	(166,588.00)
SPECIAL EDUCATION	396,628.00	397,016.00	(388.00)
TOTAL STATE SOURCES	2,661,149.00	2,828,125.00	(166,976.00)
FEDERAL ARRA STABILIZATION	145,737.00	145,737.00	0.00
REIMBURSEMENTS	117,548.72	0.00	117,548.72
TOTAL CASH RECEIPTS	3,188,994.07	\$ 3,230,565.00	\$ (41,570.93)
EXPENDITURES			
INSTRUCTION--			
SALARIES	652,188.76	\$ 897,000.00	\$ 244,811.24
SALARIES - ARRA	73,475.13	0.00	(73,475.13)
EMPLOYEE BENEFITS	194,781.63	249,700.00	54,918.37
EMPLOYEE BENEFITS - ARRA	17,308.40	0.00	(17,308.40)
OTHER PURCHASED SERVICES	3,506.84	5,000.00	1,493.16
SUPPLIES	40,727.08	98,000.00	57,272.92
PROPERTY (EQUIP. & FURN.)	33,745.41	2,000.00	(31,745.41)
OTHER	15,826.22	15,000.00	(826.22)
TOTAL INSTRUCTION	1,031,559.47	1,266,700.00	235,140.53
STUDENT SUPPORT SERVICES--			
SALARIES	66,098.26	71,525.00	5,426.74
SALARIES - ARRA	8,228.54	0.00	(8,228.54)
EMPLOYEE BENEFITS	31,894.28	32,508.00	613.72
EMPLOYEE BENEFITS - ARRA	1,819.85	0.00	(1,819.85)
OTHER PURCHASED SERVICES	409.89	800.00	390.11
SUPPLIES	580.10	2,100.00	1,519.90
TOTAL STUDENT SUPPORT SERVICES	109,030.92	106,933.00	(2,097.92)

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

STATEMENT 3
PAGE 2 OF 18

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	09-10 ACTUAL	09-10 BUDGET	VARIANCE - OVER (UNDER)
GENERAL FUND (CONT.)			
<u>EXPENDITURES</u>			
INSTRUCTIONAL SUPPORT STAFF--			
SALARIES	\$ 57,618.59	\$ 58,000.00	\$ 381.41
SALARIES - ARRA	5,064.81	0.00	(5,064.81)
EMPLOYEE BENEFITS	18,889.77	23,000.00	4,110.23
EMPLOYEE BENEFITS - ARRA	1,026.00	0.00	(1,026.00)
PURCHASED PROF. & TECH. SERVICES	0.00	15,000.00	15,000.00
SUPPLIES	13,626.09	16,500.00	2,873.91
PROPERTY (EQUIP. & FURN.)	358.00	0.00	(358.00)
TOTAL INSTRUCTIONAL SUPPORT STAFF	96,583.26	112,500.00	15,916.74
 GENERAL ADMINISTRATION--			
SALARIES	108,844.27	133,800.00	24,955.73
SALARIES - ARRA	11,695.28	0.00	(11,695.28)
EMPLOYEE BENEFITS	33,337.70	38,300.00	4,962.30
EMPLOYEE BENEFITS - ARRA	1,328.71	0.00	(1,328.71)
PURCHASED PROF. & TECH. SERVICES	163.00	8,500.00	8,337.00
OTHER PURCHASED SERVICES	7,016.92	4,040.00	(2,976.92)
SUPPLIES	13,391.61	18,000.00	4,608.39
PROPERTY (EQUIP. & FURN.)	1,240.00	0.00	(1,240.00)
OTHER	15,445.69	6,000.00	(9,445.69)
TOTAL GENERAL ADMINISTRATION	192,463.18	208,640.00	16,176.82
 SCHOOL ADMINISTRATION--			
SALARIES	168,815.93	196,679.00	27,863.07
SALARIES - ARRA	17,760.62	0.00	(17,760.62)
EMPLOYEE BENEFITS	48,105.41	58,000.00	9,894.59
EMPLOYEE BENEFITS - ARRA	3,858.51	0.00	(3,858.51)
OTHER PURCHASED SERVICES	5,351.50	8,000.00	2,648.50
SUPPLIES	3,505.92	6,000.00	2,494.08
TOTAL SCHOOL ADMINISTRATION	247,397.89	268,679.00	21,281.11
 OPERATIONS AND MAINTENANCE--			
SALARIES	14,082.92	0.00	(14,082.92)
EMPLOYEE BENEFITS	1,400.49	0.00	(1,400.49)
PURCHASED PROPERTY SERVICES	19,705.39	0.00	(19,705.39)
SUPPLIES	1,644.22	0.00	(1,644.22)
UTILITIES	10,767.61	0.00	(10,767.61)
OTHER	0.00	37,727.00	37,727.00
TOTAL OPERATIONS AND MAINTENANCE	47,600.63	37,727.00	(9,873.63)
 OTHER SUPPLEMENTAL SERVICES--			
SALARIES	16,061.31	0.00	-16,061.31
SALARIES - ARRA	1,500.01	0.00	-1,500.01
EMPLOYEE BENEFITS	1,682.58	0.00	-1,682.58
EMPLOYEE BENEFITS - ARRA	116.25	0.00	-116.25
TOTAL OTHER SUPPLEMENTAL SERVICES	19,360.15	0.00	-19,360.15

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

STATEMENT 3
PAGE 3 OF 18

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	09-10 ACTUAL	09-10 BUDGET	VARIANCE - OVER (UNDER)
GENERAL FUND (CONT.)			
EXPENDITURES			
STUDENT TRANSPORTATION SERVICES--			
SUPERVISION			
SALARIES	\$ 3,255.76	\$ 3,500.00	\$ 244.24
EMPLOYEE BENEFITS	248.86	202.00	(46.86)
OTHER	7,745.64	0.00	(7,745.64)
VEHICLE OPERATING SERVICES			
SALARIES	47,743.55	45,000.00	(2,743.55)
SALARIES - ARRA	2,301.09	0.00	(2,301.09)
EMPLOYEE BENEFITS	12,228.13	14,800.00	2,571.87
EMPLOYEE BENEFITS - ARRA	253.80	0.00	(253.80)
OTHER PURCHASED SERVICES	8,539.00	0.00	(8,539.00)
FUEL	33,528.50	53,419.00	19,890.50
OTHER	0.00	9,000.00	9,000.00
VEHICLE SERVICES & MAINTENANCE			
SALARIES	4,303.37	5,800.00	1,496.63
EMPLOYEE BENEFITS	330.19	505.00	174.81
PURCHASED PROPERTY SERVICES	24,244.46	0.00	(24,244.46)
SUPPLIES	0.00	3,800.00	3,800.00
TOTAL STUDENT TRANSPORTATION SERVICES	<u>144,722.35</u>	<u>136,026.00</u>	<u>(8,696.35)</u>
OPERATING TRANSFERS--			
DRIVERS EDUCATION	400.00	0.00	(400.00)
BILINGUAL EDUCATION	1,100.00	1,500.00	400.00
FOOD SERVICE	62,400.00	55,000.00	(7,400.00)
PROFESSIONAL DEVELOPMENT	21,000.00	15,581.00	(5,419.00)
PARENT EDUCATION PROGRAM	13,359.00	13,000.00	(359.00)
SUMMER SCHOOL	1,352.00	0.00	(1,352.00)
SPECIAL EDUCATION	750,530.04	655,000.00	(95,530.04)
VOCATIONAL EDUCATION	123,300.00	87,000.00	(36,300.00)
AT RISK 4 YR OLD	16,800.00	0.00	(16,800.00)
AT RISK K-12	352,703.83	266,280.00	(86,423.83)
TOTAL TRANSFERS	<u>1,342,944.87</u>	<u>1,093,361.00</u>	<u>(249,583.87)</u>
ADJUSTMENT TO COMPLY WITH LEGAL MAX	<u>0.00</u>	<u>(116,452.00)</u>	<u>(116,452.00)</u>
LEGAL GENERAL FUND BUDGET	3,231,662.72	3,114,114.00	(117,548.72)
ADJUSTMENT FOR QUALIFYING BUDGET CREDITS	<u>0.00</u>	<u>117,548.72</u>	<u>117,548.72</u>
TOTAL EXPENDITURES	<u>3,231,662.72</u>	<u>\$ 3,231,662.72</u>	<u>\$ 0.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(42,668.65)		
UNENCUMBERED CASH, JULY 1, 2009	<u>(231,593.80)</u>		
UNENCUMBERED CASH, JUNE 30, 2010	<u>\$ (274,262.45)</u>		

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

STATEMENT 3
PAGE 4 OF 18

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	09-10 ACTUAL	09-10 BUDGET	VARIANCE - OVER (UNDER)
SUPPLEMENTAL GENERAL FUND			
CASH RECEIPTS			
TAXES AND SHARED REVENUE--			
AD VALOREM PROPERTY TAXES -2008	\$ 15,135.87	\$ 36,363.00	\$ (21,227.13)
-2009	385,624.57	364,868.00	20,756.57
DELINQUENT TAX	7,802.32	3,262.00	4,540.32
MOTOR VEHICLE TAX	55,880.45	59,971.00	(4,090.55)
RECREATIONAL VEHICLE TAX	1,127.01	1,183.00	(55.99)
TOTAL TAXES AND SHARED REVENUE	465,570.22	465,647.00	(76.78)
STATE OF KANSAS -STATE AID	420,666.00	562,203.00	(141,537.00)
FEDERAL ARRA STABILIZATION	144,038.00	0.00	144,038.00
TOTAL OTHER CASH RECEIPTS	564,704.00	562,203.00	2,501.00
TOTAL CASH RECEIPTS	1,030,274.22	\$ 1,027,850.00	\$ 2,424.22
EXPENDITURES			
INSTRUCTION - SALARIES	0.00	\$ 38,785.00	\$ 38,785.00
- SALARIES - ARRA	138,767.09	0.00	(138,767.09)
- EMPLOYEE BENEFITS	5,344.77	17,967.00	12,622.23
- EMPLOYEE BENEFITS - ARRA	5,270.91	0.00	(5,270.91)
- OTHER PURCHASED SERVICES	58,091.08	60,000.00	1,908.92
- SUPPLIES	66,899.36	56,500.00	(10,399.36)
- EQUIPMENT	62,438.96	60,000.00	(2,438.96)
- OTHER	24,888.08	53,000.00	28,111.92
GENERAL ADMINISTRATION - SALARIES	13,773.56	0.00	(13,773.56)
- EMPLOYEE BENEFITS	1,218.59	0.00	(1,218.59)
- OTHER	120.00	12,368.00	12,248.00
OPERATIONS AND MAINTENANCE - SALARIES	108,671.04	141,000.00	32,328.96
- EMPLOYEE BENEFITS	42,517.93	42,000.00	(517.93)
- REPAIRS & MAINTENANCE	50,820.69	83,500.00	32,679.31
- REPAIR OF BUILDINGS	146,091.99	91,000.00	(55,091.99)
- OTHER PURCHASED SERVICES	68,023.49	5,000.00	(63,023.49)
- SUPPLIES	22,433.92	29,200.00	6,766.08
- UTILITIES	146,488.03	133,000.00	(13,488.03)
- OTHER	17,693.57	0.00	(17,693.57)
OTHER SUPP. SERVICES - SALARIES	38,786.00	0.00	(38,786.00)
- EMPLOYEE BENEFITS	20,902.68	0.00	(20,902.68)
- ARCH. & ENGINEERING SERVICES	0.00	18,000.00	18,000.00
TRANSFER TO SPECIAL EDUCATION	0.00	100,000.00	100,000.00
TRANSFER TO VOCATIONAL EDUCATION	0.00	13,000.00	13,000.00
TRANSFER TO 4 YEAR OLD AT RISK	0.00	15,000.00	15,000.00
TRANSFER TO K-12 AT RISK	6,931.26	76,853.00	69,921.74
TOTAL EXPENDITURES	1,046,173.00	\$ 1,046,173.00	\$ 0.00
RECEIPTS OVER (UNDER) EXPENDITURES	(15,898.78)		
UNENCUMBERED CASH, JULY 1, 2009	(93,170.36)		
UNENCUMBERED CASH, JUNE 30, 2010	\$ (109,069.14)		

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

STATEMENT 3
PAGE 5 OF 18

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	09-10 ACTUAL	09-10 BUDGET	VARIANCE - OVER (UNDER)
CAPITAL OUTLAY FUND			
<u>CASH RECEIPTS</u>			
TAXES AND SHARED REVENUE--			
AD VALOREM PROPERTY TAXES -2008	\$ 2,240.27	\$ 5,368.00	\$ (3,127.73)
-2009	71,960.02	68,762.00	3,198.02
DELINQUENT TAX	1,161.79	483.00	678.79
MOTOR VEHICLE TAX	9,168.45	9,707.00	(538.55)
RECREATIONAL VEHICLE TAX	182.79	192.00	(9.21)
	<u>84,713.32</u>	<u>84,512.00</u>	<u>201.32</u>
TOTAL TAXES AND SHARED REVENUE			
	<u>84,713.32</u>	<u>84,512.00</u>	<u>201.32</u>
INTEREST	<u>16,801.65</u>	<u>0.00</u>	<u>16,801.65</u>
TOTAL CASH RECEIPTS	<u>101,514.97</u>	<u>\$ 84,512.00</u>	<u>\$ 17,002.97</u>
<u>EXPENDITURES</u>			
INSTRUCTION - PROPERTY (EQUIP. & FURN.)	0.00	\$ 100,000.00	\$ 100,000.00
GENERAL ADMIN. - PROPERTY (EQUIP. & FURN.)	832.92	0.00	(832.92)
OPERATIONS & MAINT. - PROPERTY (EQUIP. & FURN.)	0.00	50,000.00	50,000.00
TRANSPORTATION - (EQUIPMENT & BUSES)	0.00	80,000.00	80,000.00
FACILITY - OTHER	36,590.64	0.00	(36,590.64)
ARCHITECTURAL SERVICES	0.00	10,000.00	10,000.00
SITE IMPROVEMENT	0.00	300,000.00	300,000.00
BUILDING IMPROVEMENT (OUTSIDE CONTRACTORS)	9,726.52	50,000.00	40,273.48
	<u>47,150.08</u>	<u>\$ 590,000.00</u>	<u>\$ 542,849.92</u>
TOTAL EXPENDITURES			
	<u>47,150.08</u>	<u>\$ 590,000.00</u>	<u>\$ 542,849.92</u>
RECEIPTS OVER (UNDER) EXPENDITURES	54,364.89		
UNENCUMBERED CASH, JULY 1, 2009	<u>561,347.08</u>		
UNENCUMBERED CASH, JUNE 30, 2010	<u>\$ 615,711.97</u>		

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

STATEMENT 3
PAGE 6 OF 18

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	09-10 ACTUAL	09-10 BUDGET	VARIANCE - OVER (UNDER)
DRIVER TRAINING FUND			
<u>CASH RECEIPTS</u>			
STATE OF KANSAS - STATE AID	\$ 400.00	\$ 750.00	\$ (350.00)
INTEREST ON IDLE FUNDS	0.00	3,000.00	(3,000.00)
OTHER REVENUE FROM LOCAL SOURCE	1,525.00	2,000.00	(475.00)
TRANSFER FROM GENERAL	400.00	0.00	400.00
TOTAL CASH RECEIPTS	<u>2,325.00</u>	<u>\$ 5,750.00</u>	<u>\$ (3,425.00)</u>
<u>EXPENDITURES</u>			
INSTRUCTION - SALARIES	1,230.00	\$ 4,900.00	\$ 3,670.00
- EMPLOYEE BENEFITS	95.33	500.00	404.67
- SUPPLIES	2,775.00	1,854.00	(921.00)
VEHICLE OPER. MAINT. SERVICES - FUEL	110.75	2,000.00	1,889.25
TOTAL EXPENDITURES	<u>4,211.08</u>	<u>\$ 9,254.00</u>	<u>\$ 5,042.92</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(1,886.08)		
UNENCUMBERED CASH, JULY 1, 2009	<u>3,504.04</u>		
UNENCUMBERED CASH, JUNE 30, 2010	<u>\$ 1,617.96</u>		
 AT RISK 4 YEAR OLD			
<u>CASH RECEIPTS</u>			
INTEREST	\$ 0.00	\$ 12,000.00	\$ (12,000.00)
TRANSFER FROM GENERAL	16,800.00	0.00	16,800.00
TRANSFER FROM SUPPLEMENTAL GENERAL	0.00	15,000.00	(15,000.00)
TOTAL CASH RECEIPTS	<u>16,800.00</u>	<u>\$ 27,000.00</u>	<u>\$ (10,200.00)</u>
<u>EXPENDITURES</u>			
INSTRUCTION - SALARIES	13,533.68	\$ 29,800.00	\$ 16,266.32
- EMPLOYEE BENEFITS	1,514.69	2,041.00	526.31
TOTAL EXPENDITURES	<u>15,048.37</u>	<u>\$ 31,841.00</u>	<u>\$ 16,792.63</u>
RECEIPTS OVER (UNDER) EXPENDITURES	1,751.63		
FUND BALANCE, JULY 1, 2009	<u>4,841.38</u>		
FUND BALANCE, JUNE 30, 2010	<u>\$ 6,593.01</u>		

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

STATEMENT 3
PAGE 7 OF 18

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	09-10 ACTUAL	09-10 BUDGET	VARIANCE - OVER (UNDER)
FOOD SERVICE FUND			
<u>CASH RECEIPTS</u>			
STATE OF KANSAS - STATE AID	\$ 11,967.42	\$ 2,679.00	\$ 9,288.42
- FEDERAL AID	134,092.65	126,567.00	7,525.65
MEALS	66,240.33	98,965.00	(32,724.67)
TRANSFER FROM GENERAL FUND	62,400.00	55,000.00	7,400.00
INTEREST ON IDLE FUNDS	250.82	200.00	50.82
REIMBURSEMENTS	11,150.80	14,000.00	(2,849.20)
TOTAL CASH RECEIPTS	<u>286,102.02</u>	<u>\$ 297,411.00</u>	<u>\$ (11,308.98)</u>
<u>EXPENDITURES</u>			
OPER. & MAINTENANCE - SALARIES	4,655.39	\$ 0.00	\$ (4,655.39)
- EMPLOYEE BENEFITS	352.56	0.00	(352.56)
- PURCHASED PROP. SERVICES	5,255.37	30,624.00	25,368.63
- MOTOR FUEL	1,120.26	1,100.00	(20.26)
- PROPERTY (EQUIP. & FURNISHINGS)	0.00	10,000.00	10,000.00
FOOD SERVICE OPERATION - SALARIES	102,283.57	108,000.00	5,716.43
- EMPLOYEE BENEFITS	22,345.97	21,200.00	(1,145.97)
- OTHER PURCHASED SERVICES	73.86	0.00	(73.86)
- FOOD & SUPPLIES	141,879.55	149,000.00	7,120.45
- PROPERTY (EQUIP.)	1,697.02	4,500.00	2,802.98
- OTHER	1,436.10	8,400.00	6,963.90
ADJUSTMENT FOR QUALIFYING BUDGET CREDITS	0.00	11,150.80	11,150.80
TOTAL EXPENDITURES	<u>281,099.65</u>	<u>\$ 343,974.80</u>	<u>\$ 62,875.15</u>
RECEIPTS OVER (UNDER) EXPENDITURES	5,002.37		
UNENCUMBERED CASH, JULY 1, 2009	<u>35,413.49</u>		
UNENCUMBERED CASH, JUNE 30, 2010	<u>\$ 40,415.86</u>		
 CONSTRUCTION			
<u>CASH RECEIPTS</u>			
INTEREST ON FUNDS	\$ 12,331.65		
<u>EXPENDITURES</u>			
BUILDING PROJECT	<u>1,200,626.30</u>		
RECEIPTS OVER (UNDER) EXPENDITURES	(1,188,294.65)		
UNENCUMBERED CASH, JULY 1, 2009	<u>1,316,018.87</u>		
UNENCUMBERED CASH, JUNE 30, 2010	<u>\$ 127,724.22</u>		

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

STATEMENT 3
PAGE 8 OF 18

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	09-10 ACTUAL	09-10 BUDGET	VARIANCE - OVER (UNDER)
PROFESSIONAL DEVELOPMENT FUND			
<u>CASH RECEIPTS</u>			
INTEREST ON IDLE FUNDS	\$ 49.22	\$ 0.00	\$ 49.22
TRANSFER FROM GENERAL FUND	21,000.00	15,581.00	5,419.00
TOTAL CASH RECEIPTS	21,049.22	\$ 15,581.00	\$ 5,468.22
<u>EXPENDITURES</u>			
INSTR. SUPPORT - SALARIES	3,757.50	\$ 10,000.00	\$ 6,242.50
- EMPLOYEE BENEFITS	291.17	815.00	523.83
- PURCHASED PROF. & TECH. SERV.	3,600.78	9,185.00	5,584.22
- OTHER PURCHASED SERVICES	4,249.63	0.00	(4,249.63)
- SUPPLIES	188.87	0.00	(188.87)
OTHER SUPP. SERV. - SALARIES	590.92	0.00	(590.92)
- EMPLOYEE BENEFITS	44.65	0.00	(44.65)
- OTHER PURCHASED SERVICES	2,580.00	0.00	(2,580.00)
TOTAL EXPENDITURES	15,303.52	\$ 20,000.00	\$ 4,696.48
RECEIPTS OVER (UNDER) EXPENDITURES	5,745.70		
UNENCUMBERED CASH, JULY 1, 2009	4,418.54		
UNENCUMBERED CASH, JUNE 30, 2010	\$ 10,164.24		
 AT RISK K-12			
<u>CASH RECEIPTS</u>			
OTHER LOCAL REVENUE	\$ 0.00	\$ 10,000.00	\$ (10,000.00)
TRANSFER FROM GENERAL	352,703.83	266,280.00	86,423.83
TRANSFER FROM SUPPLEMENTAL GENERAL	6,931.26	76,853.00	(69,921.74)
TOTAL CASH RECEIPTS	359,635.09	\$ 353,133.00	\$ 6,502.09
<u>EXPENDITURES</u>			
INSTRUCTION - SALARIES	274,840.98	\$ 295,000.00	\$ 20,159.02
- EMPLOYEE BENEFITS	44,317.72	30,000.00	(14,317.72)
- SUPPLIES	2,262.86	0.00	(2,262.86)
SCHOOL ADMIN. - OTHER	0.00	43,853.00	43,853.00
TOTAL EXPENDITURES	321,421.56	\$ 368,853.00	\$ 47,431.44
RECEIPTS OVER (UNDER) EXPENDITURES	38,213.53		
FUND BALANCE, JULY 1, 2009	18,908.70		
FUND BALANCE, JUNE 30, 2010	\$ 57,122.23		

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

STATEMENT 3
PAGE 9 OF 18

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	09-10 ACTUAL	09-10 BUDGET	VARIANCE - OVER (UNDER)
PARENT EDUCATION PROGRAM FUND			
<u>CASH RECEIPTS</u>			
PAYMENT FROM OTHER SCHOOL DISTRICTS	\$ 25,932.06	\$ 26,325.00	\$ (392.94)
STATE OF KANSAS - FEDERAL AID	60,447.00	60,448.00	(1.00)
TRANSFER FROM GENERAL	13,359.00	13,000.00	359.00
TOTAL CASH RECEIPTS	99,738.06	\$ 99,773.00	\$ (34.94)
<u>EXPENDITURES</u>			
STUDENT SUPPORT - SALARIES	73,152.27	\$ 76,000.00	\$ 2,847.73
- EMPLOYEE BENEFITS	10,253.96	10,000.00	(253.96)
- PURCHASED PROF. & TECH. SVCS.	0.00	115.00	115.00
- OTHER PURCHASED SERVICES	3,938.75	4,000.00	61.25
- SUPPLIES	2,940.51	1,500.00	(1,440.51)
- PROPERTY (EQUIP. & FURN.)	268.97	0.00	(268.97)
- OTHER	5,698.28	5,600.00	(98.28)
INSTR. SUPPORT - EMPLOYEE BENEFITS	0.00	10,673.00	10,673.00
- OTHER PURCHASED SERVICES	20.00	0.00	(20.00)
OTHER SUPP. SERV. - SALARIES	1,118.70	870.00	(248.70)
- EMPLOYEE BENEFITS	86.67	101.00	14.33
- PURCHASED PROPERTY SERVICES	2,259.80	2,500.00	240.20
TOTAL EXPENDITURES	99,737.91	\$ 111,359.00	\$ 11,621.09
RECEIPTS OVER (UNDER) EXPENDITURES	0.15		
PRIOR YEAR CANCELED ENCUMBRANCE	815.00		
UNENCUMBERED CASH, JULY 1, 2009	11,586.56		
UNENCUMBERED CASH, JUNE 30, 2010	\$ 12,401.71		
SUMMER SCHOOL FUND			
<u>CASH RECEIPTS</u>			
MISCELLANEOUS	\$ 0.00	\$ 14,000.00	\$ (14,000.00)
TRANSFER FROM GENERAL	1,352.00	0.00	1,352.00
TOTAL CASH RECEIPTS	1,352.00	14,000.00	(12,648.00)
<u>EXPENDITURES</u>			
INSTRUCTION - SALARIES	1,195.00	\$ 13,000.00	\$ 11,805.00
- EMPLOYEE BENEFITS	94.07	950.00	855.93
- SUPPLIES	163.08	0.00	(163.08)
TOTAL EXPENDITURES	1,452.15	\$ 13,950.00	\$ 12,497.85
RECEIPTS OVER (UNDER) EXPENDITURES	(100.15)		
UNENCUMBERED CASH, JULY 1, 2009	100.56		
UNENCUMBERED CASH, JUNE 30, 2010	\$ 0.41		

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

STATEMENT 3
PAGE 10 OF 18

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	09-10 ACTUAL	09-10 BUDGET	VARIANCE - OVER (UNDER)
SPECIAL EDUCATION FUND			
<u>CASH RECEIPTS</u>			
INTEREST ON IDLE FUNDS	\$ 2,175.25	\$ 15,000.00	\$ (12,824.75)
TRANSFER FROM GENERAL FUND	750,530.04	655,000.00	95,530.04
TRANSFER FROM SUPPLEMENTAL GENERAL	0.00	100,000.00	(100,000.00)
TOTAL CASH RECEIPTS	<u>752,705.29</u>	<u>\$ 770,000.00</u>	<u>\$ (17,294.71)</u>
<u>EXPENDITURES</u>			
INSTRUCTION - SALARIES	52,863.12	\$ 60,000.00	\$ 7,136.88
- EMPLOYEE BENEFITS	34,393.00	33,000.00	(1,393.00)
- PAYMENT TO COOP	594,522.44	681,996.00	87,473.56
- OTHER PURCHASED SERVICES	502.00	1,500.00	998.00
- SUPPLIES	4,425.69	1,000.00	(3,425.69)
SCHOOL ADMIN. - SALARIES	0.00	54,691.00	54,691.00
STUDENT TRANSPORTATION SERVICES			
- SALARIES	9,426.42	7,000.00	(2,426.42)
- EMPLOYEE BENEFITS	6,962.36	6,400.00	(562.36)
- SUPPLIES	0.00	4,300.00	4,300.00
VEHICLE OPERATION - OTHER PURCHASED SERVICES	439.00	0.00	(439.00)
- SUPPLIES, FUEL	3,107.59	0.00	(3,107.59)
TOTAL EXPENDITURES	<u>706,641.62</u>	<u>\$ 849,887.00</u>	<u>\$ 143,245.38</u>
RECEIPTS OVER (UNDER) EXPENDITURES	46,063.67		
UNENCUMBERED CASH, JULY 1, 2009	<u>79,763.97</u>		
UNENCUMBERED CASH, JUNE 30, 2010	<u>\$ 125,827.64</u>		

BILINGUAL EDUCATION

CASH RECEIPTS

TRANSFER FROM GENERAL FUND	\$ 1,100.00	\$ 1,500.00	\$ (400.00)
----------------------------	-------------	-------------	-------------

EXPENDITURES

INSTRUCTION - SALARIES	741.56	\$ 1,300.00	\$ 558.44
- EMPLOYEE BENEFITS	51.66	200.00	148.34
- OTHER PURCHASED SERVICES	300.00	0.00	(300.00)
TOTAL EXPENDITURES	<u>1,093.22</u>	<u>\$ 1,500.00</u>	<u>\$ 406.78</u>
RECEIPTS OVER (UNDER) EXPENDITURES	6.78		
UNENCUMBERED CASH, JULY 1, 2009	<u>0.00</u>		
UNENCUMBERED CASH, JUNE 30, 2010	<u>\$ 6.78</u>		

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

STATEMENT 3
PAGE 11 OF 18

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	09-10 ACTUAL	09-10 BUDGET	VARIANCE - OVER (UNDER)
VOCATIONAL EDUCATION FUND			
<u>CASH RECEIPTS</u>			
TRANSFER FROM GENERAL FUND	\$ 123,300.00	\$ 87,000.00	\$ 36,300.00
TRANSFER FROM SUPPLEMENTAL GENERAL	0.00	13,000.00	(13,000.00)
MISCELLANEOUS	517.50	15,000.00	(14,482.50)
ACTIVITY FEES	663.78	0.00	663.78
TOTAL CASH RECEIPTS	<u>124,481.28</u>	<u>\$ 115,000.00</u>	<u>\$ 9,481.28</u>
<u>EXPENDITURES</u>			
INSTRUCTION - SALARIES	61,027.13	\$ 60,000.00	\$ (1,027.13)
- EMPLOYEE BENEFITS	16,130.74	17,700.00	1,569.26
- OTHER PURCHASED SERVICES	154.69	3,500.00	3,345.31
- SUPPLIES	8,528.87	12,000.00	3,471.13
- PROPERTY (EQUIP. & FURN.)	2,164.77	4,200.00	2,035.23
- OTHER	3,798.92	4,200.00	401.08
STUD. SUPP. SVC - EMPLOYEE BENEFITS	0.00	13,578.00	13,578.00
OPERATIONS AND MAINTENANCE			
- FUEL	2,416.42	0.00	(2,416.42)
TOTAL EXPENDITURES	<u>94,221.54</u>	<u>\$ 115,178.00</u>	<u>\$ 20,956.46</u>
RECEIPTS OVER (UNDER) EXPENDITURES	30,259.74		
UNENCUMBERED CASH, JULY 1, 2009	<u>177.03</u>		
UNENCUMBERED CASH, JUNE 30, 2010	<u>\$ 30,436.77</u>		
 CONTINGENCY RESERVE FUND			
<u>CASH RECEIPTS</u>			
TRANSFER FROM GENERAL FUND	\$ 0.00		
<u>EXPENDITURES</u>			
UTILITIES	<u>0.00</u>		
RECEIPTS OVER (UNDER) EXPENDITURES	0.00		
UNENCUMBERED CASH, JULY 1, 2009	<u>207,512.45</u>		
UNENCUMBERED CASH, JUNE 30, 2010	<u>\$ 207,512.45</u>		

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

STATEMENT 3
PAGE 12 OF 18

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	09-10 ACTUAL	09-10 BUDGET	VARIANCE - OVER (UNDER)
BOND AND INTEREST FUND			
<u>CASH RECEIPTS</u>			
TAXES AND SHARED REVENUE--			
AD VALOREM PROPERTY TAXES -2008	\$ 3,884.49	\$ 9,093.00	\$ (5,208.51)
-2009	91,105.18	87,065.00	4,040.18
DELINQUENT PROPERTY TAX	1,825.99	836.00	989.99
MOTOR VEHICLE TAX	13,076.03	14,211.00	(1,134.97)
RECREATIONAL VEHICLE TAX	266.89	281.00	(14.11)
OTHER REVENUE FROM LOCAL SOURCE	70,621.63	58,000.00	12,621.63
STATE AID	97,708.00	102,247.00	(4,539.00)
TOTAL RECEIPTS	278,488.21	\$ 271,733.00	\$ 6,755.21
<u>EXPENDITURES</u>			
INTEREST	144,382.50	\$ 144,383.00	\$ 0.50
PRINCIPAL	105,000.00	105,000.00	0.00
TOTAL EXPENDITURES	249,382.50	\$ 249,383.00	\$ 0.50
RECEIPTS OVER (UNDER) EXPENDITURES	29,105.71		
UNENCUMBERED CASH, JULY 1, 2009	179,907.46		
UNENCUMBERED CASH, JUNE 30, 2010	\$ 209,013.17		
KPERS SPECIAL RETIREMENT CONTRIBUTION FUND			
<u>CASH RECEIPTS</u>			
STATE OF KANSAS	\$ 178,316.04	\$ 216,052.00	\$ (37,735.96)
<u>EXPENDITURES</u>			
INSTRUCTION - EMPLOYEE BENEFITS	107,150.11	\$ 130,790.00	\$ 23,639.89
STUDENT SUPPORT - EMPLOYEE BENEFITS	11,251.74	15,000.00	3,748.26
INSTRUCTIONAL SUPPORT - EMPLOYEE BENEFITS	5,456.47	8,000.00	2,543.53
GENERAL ADMINISTRATION - EMPLOYEE BENEFITS	12,036.33	18,000.00	5,963.67
SCHOOL ADMINISTRATION - EMPLOYEE BENEFITS	14,960.72	17,000.00	2,039.28
BUSINESS OPERATIONS - EMPLOYEE BENEFITS	2,211.12	0.00	(2,211.12)
OPER. & MAINTENANCE - EMPLOYEE BENEFITS	10,074.86	12,000.00	1,925.14
STUDENT TRANS. SERVICES - EMPLOYEE BENEFITS	3,905.12	5,262.00	1,356.88
FOOD SERVICE - EMPLOYEE BENEFITS	11,269.57	10,000.00	(1,269.57)
TOTAL EXPENDITURES	178,316.04	\$ 216,052.00	\$ 37,735.96
RECEIPTS OVER (UNDER) EXPENDITURES	0.00		
UNENCUMBERED CASH, JULY 1, 2009	0.00		
UNENCUMBERED CASH, JUNE 30, 2010	\$ 0.00		

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

STATEMENT 3
PAGE 13 OF 18

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	09-10 <u>ACTUAL</u>	09-10 <u>BUDGET</u>	VARIANCE - OVER (UNDER)
TITLE I			
<u>CASH RECEIPTS</u>			
STATE OF KANSAS	\$ 69,188.00		
 <u>EXPENDITURES</u>			
INSTRUCTION - SALARIES	54,914.75		
- EMPLOYEE BENEFITS	11,384.52		
- PURCHASED PROPERTY SERVICES	675.00		
- SUPPLIES	2,213.73		
TOTAL EXPENDITURES	69,188.00		
RECEIPTS OVER (UNDER) EXPENDITURES	0.00		
UNENCUMBERED CASH, JULY 1, 2009	0.00		
UNENCUMBERED CASH, JUNE 30, 2010	\$ 0.00		
 TITLE IV			
<u>CASH RECEIPTS</u>			
STATE OF KANSAS	\$ 1,000.00		
 <u>EXPENDITURES</u>			
INSTRUCTION - SALARIES	760.00		
- EMPLOYEE BENEFITS	102.31		
- SUPPLIES	198.51		
TOTAL EXPENDITURES	1,060.82		
RECEIPTS OVER (UNDER) EXPENDITURES	(60.82)		
UNENCUMBERED CASH, JULY 1, 2009	0.00		
UNENCUMBERED CASH, JUNE 30, 2010	\$ (60.82)		

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

STATEMENT 3
PAGE 14 OF 18

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	09-10 ACTUAL	09-10 BUDGET	VARIANCE - OVER (UNDER)
L.E. WILLSON TRUST FUND			
CASH RECEIPTS			
INVESTMENT INCOME FROM TRUST	\$ 122,004.06		
INTEREST ON IDLE FUNDS	3,287.41		
REIMBURSED FOUNDATION REQUEST	15,000.00		
PRE-SCHOOL ENROLLMENT FEES	9,702.00		
COMMUNITY EDUCATION ACTIVITY	13,993.73		
TOTAL RECEIPTS	<u>163,987.20</u>		
EXPENDITURES			
COMMUNITY EDUCATION - SALARIES	10,541.56		
- EMPLOYEE BENEFITS	5,918.45		
- SUPPLIES, MISCELLANEOUS	919.87		
- MAINTENANCE	35.00		
- ACTIVITY	14,440.06		
- OTHER	958.00		
PRE-SCHOOL - SALARIES	34,545.61		
- EMPLOYEE BENEFITS	7,813.60		
- SUPPLIES, MISCELLANEOUS	3,601.49		
- CUSTODIAL & MAINTENANCE	3,560.07		
- UTILITIES	1,645.38		
SUMMER SCH. - EMPLOYEE BENEFITS	0.06		
REQUESTS - CITY	6,035.00		
- PATRON	3,707.00		
- AFTER SCHOOL GRANT	25,000.00		
TOTAL EXPENDITURES	<u>118,721.15</u>		
RECEIPTS OVER (UNDER) EXPENDITURES	45,266.05		
UNENCUMBERED CASH, JULY 1, 2009	273,093.57		
UNENCUMBERED CASH, JUNE 30, 2010	<u>\$ 318,359.62</u>		
HRSA GRANT			
CASH RECEIPTS			
FEDERAL HRSA GRANT	\$ 68,741.00		
EXPENDITURES			
SALARIES	41,095.73		
OTHER PURCHASED SERVICES	10,783.39		
SUPPLIES	16,788.28		
TOTAL EXPENDITURES	<u>68,667.40</u>		
RECEIPTS OVER (UNDER) EXPENDITURES	73.60		
UNENCUMBERED CASH, JULY 1, 2009	(73.09)		
UNENCUMBERED CASH, JUNE 30, 2010	<u>\$ 0.51</u>		

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

STATEMENT 3
PAGE 15 OF 18

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	09-10 ACTUAL	09-10 BUDGET	VARIANCE - OVER (UNDER)
TEACH AMERICAN HISTORY GRANT			
<u>CASH RECEIPTS</u>			
TEACH AMERICAN HISTORY GRANT	\$ 0.00		
 <u>EXPENDITURES</u>			
OTHER PURCHASED SERVICES	0.00		
RECEIPTS OVER (UNDER) EXPENDITURES	0.00		
UNENCUMBERED CASH, JULY 1, 2009	1.00		
UNENCUMBERED CASH, JUNE 30, 2010	\$ 1.00		
 GIFTS & GRANTS			
<u>CASH RECEIPTS</u>			
WEBER & SWIM DONATIONS-PAT GIFTS	\$ 2,100.00		
METHODIST WOMEN DONATION	100.00		
TOBACCO COALITION GRANT	1,250.00		
HEALTHY HABITS GRANT	1,000.00		
40TH ANNIVERSARY BRICKS	30.00		
TOTAL CASH RECEIPTS	4,480.00		
 <u>EXPENDITURES</u>			
PAT GIFT EXPENSES	290.63		
TOBACCO COALITION EXPENSES	1,249.87		
HEALTHY HABITS EXPENSES	983.05		
OTHER EXPENSES	50.00		
TOTAL EXPENDITURES	2,573.55		
RECEIPTS OVER (UNDER) EXPENDITURES	1,906.45		
UNENCUMBERED CASH, JULY 1, 2009	3,474.53		
UNENCUMBERED CASH, JUNE 30, 2010	\$ 5,380.98		
 TITLE II - D			
<u>CASH RECEIPTS</u>			
STATE OF KANSAS	\$ 567.00		
 <u>EXPENDITURES</u>			
TECHNOLOGY	567.00		
RECEIPTS OVER (UNDER) EXPENDITURES	0.00		
UNENCUMBERED CASH, JULY 1, 2009	0.00		
UNENCUMBERED CASH, JUNE 30, 2010	\$ 0.00		

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERTVILLE, KANSAS
MARSHALL COUNTY, KANSAS

STATEMENT 3
PAGE 16 OF 18

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	09-10 <u>ACTUAL</u>	09-10 <u>BUDGET</u>	VARIANCE - OVER (UNDER)
RURAL EDUCATION ACHIEVEMENT PROGRAM			
<u>CASH RECEIPTS</u>			
U.S. DEPT OF EDUCATION - FY 09	\$ 7,200.00		
<u>EXPENDITURES</u>			
INSTRUCTION - SALARIES	1,995.50		
- EMPLOYEE BENEFITS	154.57		
STUDENT SUPPORT SERVICES - SALARIES	4,132.29		
- EMPLOYEE BENEFITS	278.95		
- SUPPLIES	83.34		
TOTAL EXPENDITURES	<u>6,644.65</u>		
RECEIPTS OVER (UNDER) EXPENDITURES	555.35		
UNENCUMBERED CASH, JULY 1, 2009	<u>(70.76)</u>		
UNENCUMBERED CASH, JUNE 30, 2010	<u>\$ 484.59</u>		
 EARLY CHILDHOOD GRANT			
<u>CASH RECEIPTS</u>			
GRANT AWARD	\$ 55,644.00		
<u>EXPENDITURES</u>			
SALARIES	37,216.35		
EMPLOYEE BENEFITS	8,234.33		
PURCHASED PROFESSIONAL & TECHNICAL SERVICES	2,000.00		
OTHER PURCHASED SERVICES	1,425.57		
SUPPLIES	5,560.30		
PROPERTY (EQUIP. & FURN.)	1,479.70		
OTHER	7,714.00		
TOTAL EXPENDITURES	<u>63,630.25</u>		
RECEIPTS OVER (UNDER) EXPENDITURES	(7,986.25)		
PRIOR YEAR CANCELED ENCUMBRANCE	43.66		
UNENCUMBERED CASH, JULY 1, 2009	<u>(4,202.87)</u>		
UNENCUMBERED CASH, JUNE 30, 2010	<u>\$ (12,145.46)</u>		

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

STATEMENT 3
PAGE 17 OF 18

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	09-10 ACTUAL	09-10 BUDGET	VARIANCE - OVER (UNDER)
TITLE II - A			
<u>CASH RECEIPTS</u>			
STATE OF KANSAS	\$ 19,262.00		
 <u>EXPENDITURES</u>			
INSTRUCTION - SALARIES	13,240.35		
- EMPLOYEE BENEFITS	1,292.30		
- PURCHASED PROF. & TECH. SVCS.	4,729.35		
 TOTAL EXPENDITURES	19,262.00		
 RECEIPTS OVER (UNDER) EXPENDITURES	0.00		
 UNENCUMBERED CASH, JULY 1, 2009	0.00		
 UNENCUMBERED CASH, JUNE 30, 2010	\$ 0.00		
 TITLE I - ARRA			
<u>CASH RECEIPTS</u>			
STATE OF KANSAS	\$ 11,670.00		
 <u>EXPENDITURES</u>			
INSTRUCTION - SALARIES	8,334.93		
- EMPLOYEE BENEFITS	1,231.86		
 TOTAL EXPENDITURES	9,566.79		
 RECEIPTS OVER (UNDER) EXPENDITURES	2,103.21		
 UNENCUMBERED CASH, JULY 1, 2009	0.00		
 UNENCUMBERED CASH, JUNE 30, 2010	\$ 2,103.21		

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

STATEMENT 3
PAGE 18 OF 18

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	09-10 <u>ACTUAL</u>	09-10 <u>BUDGET</u>	VARIANCE - OVER (UNDER)
VALLEY HEIGHTS ACTIVITY SCHOLARSHIP			
<u>CASH RECEIPTS</u>			
CONTRIBUTIONS FROM DONORS	\$ 25,198.00		
<u>EXPENDITURES</u>			
GRANTS TO SCHOLARSHIP RECIPIENTS	26,329.00		
RECEIPTS OVER (UNDER) EXPENDITURES	(1,131.00)		
UNENCUMBERED CASH, JULY 1, 2009	7,004.18		
UNENCUMBERED CASH, JUNE 30, 2010	\$ 5,873.18		
 W. HANKE SCHOLARSHIP			
<u>CASH RECEIPTS</u>			
INVESTMENT INTEREST INCOME	\$ 114.00		
<u>EXPENDITURES</u>			
GRANTS TO SCHOLARSHIP RECIPIENTS	114.00		
RECEIPTS OVER (UNDER) EXPENDITURES	0.00		
UNENCUMBERED CASH, JULY 1, 2009	5,000.00		
UNENCUMBERED CASH, JUNE 30, 2010	\$ 5,000.00		
 KS AFTERSCHOOL ENHANCEMENT GRANT			
<u>CASH RECEIPTS</u>			
TRANSFER FROM VH AREA COMM. EDUC. & ACT. COUNCIL	\$ 24,850.00		
MATCHING FUNDS FROM WILLSON TRUST & DISTRICT	25,000.00		
TOTAL CASH RECEIPTS	49,850.00		
<u>EXPENDITURES</u>			
INSTRUCTION - SALARIES	36,469.30		
- EMPLOYEE BENEFITS	4,532.17		
- SUPPLIES	1,775.67		
TOTAL EXPENDITURES	42,777.14		
RECEIPTS OVER (UNDER) EXPENDITURES	7,072.86		
UNENCUMBERED CASH, JULY 1, 2009	(6,250.00)		
UNENCUMBERED CASH, JUNE 30, 2010	\$ 822.86		

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

STATEMENT 4

AGENCY FUNDS
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	BEGINNING CASH BALANCE	CASH RECEIPTS	CASH DISBURSEMENTS	ENDING CASH BALANCE
STUDENT ORGANIZATION FUNDS				
VALLEY HEIGHTS JR. - SR. HIGH SCHOOL:				
CLASS OF 2010	\$ 881.88	\$ 497.80	\$ 938.87	\$ 440.81
CLASS OF 2011	1,479.09	3,795.12	4,970.61	303.60
CLASS OF 2012	589.00	684.00	0.00	1,273.00
CLASS OF 2013	998.46	456.00	0.00	1,454.46
CLASS OF 2014	0.00	114.00	0.00	114.00
CLASS OF 2015	0.00	114.00	0.00	114.00
CHEERLEADERS	737.63	2,194.78	2,149.60	782.81
DRILL TEAM CLUB	1,454.41	9,548.00	9,689.20	1,313.21
FFA	3,051.47	3,089.72	3,607.14	2,534.05
FCCLA	3,959.31	1,425.60	1,818.31	3,566.60
KAYS	1,018.96	3,768.61	3,688.67	1,098.90
NATIONAL HONOR SOCIETY	281.27	634.50	425.47	490.30
SCIENCE CLUB	126.98	0.00	0.00	126.98
FORENSICS	712.10	1,000.00	1,149.13	562.97
DRAMA CLUB	0.00	123.00	6.19	116.81
SCHOLARS BOWL CLUB	799.76	0.00	0.00	799.76
STUDENT COUNCIL	1,338.97	1,008.81	1,043.00	1,304.78
VH CLUB	683.55	342.00	0.00	1,025.55
BAND	0.00	616.65	616.65	0.00
SUBTOTAL STUDENT ORGANIZATION FUNDS	18,112.84	29,412.59	30,102.84	17,422.59
 PAYROLL CLEARING				
PAYROLL CLEARING - HEALTH INSURANCE	0.00	263,178.98	262,641.68	537.30
 TOTAL AGENCY FUNDS	\$ 18,112.84	\$ 292,591.57	\$ 292,744.52	\$ 17,959.89

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

(This Page Intentionally Left Blank)

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

STATEMENT 5

DISTRICT ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

FUND	BEGINNING UNENCUMBERED CASH BALANCE	PRIOR YEAR CANCELLED ENCUMBRANCES	CASH RECEIPTS	EXPENDITURES	ENDING UNENCUMBERED CASH BALANCE	ADD		ENDING CASH BALANCE
						OUTSTANDING ENCUMBRANCES AND ACCOUNTS PAYABLE		
GATE RECEIPTS	\$ 592.50	\$ 0.00	\$ 45,624.51	\$ 41,459.30	\$ 4,757.71	\$ 0.00	\$	\$ 4,757.71
VALLEY HEIGHTS JR. - SR. HIGH SCHOOL:								
ATHLETICS								
SCHOOL PROJECTS								
VALLEY HEIGHTS JR. - SR. HIGH SCHOOL:								
STUDENT ACTIVITY PROJECTS	2,956.33	0.00	8,260.13	8,612.89	2,603.57	0.00		2,603.57
YEARBOOK	0.00	0.00	10,481.50	10,505.91	(24.41)	0.00		(24.41)
DC BAND TRIP	1,445.02	0.00	33,133.77	33,821.31	757.48	0.00		757.48
ALL SCHOOL PLAY	0.00	0.00	1,230.00	831.04	398.96	0.00		398.96
VENDING COMMISSIONS	328.08	0.00	1,901.80	0.00	2,229.89	0.00		2,229.89
CONCESSIONS	0.00	0.00	29,455.25	29,099.66	355.59	0.00		355.59
SUBTOTAL JR.-SR. HIGH SCHOOL	4,729.44	0.00	84,462.45	82,870.81	6,321.08	0.00		6,321.08
BLUE RAPIDS GRADE SCHOOL:								
LIBRARY DONATIONS	1,936.00	0.00	882.91	185.00	2,633.91	0.00		2,633.91
WATERVILLE ELEMENTARY:								
DONATIONS	580.04	0.00	394.05	250.00	724.09	0.00		724.09
SUBTOTAL SCHOOL PROJECT FUNDS	7,245.48	0.00	85,739.41	83,305.81	9,679.08	0.00		9,679.08
TOTAL DISTRICT ACTIVITY FUNDS	\$ 7,837.98	\$ 0.00	\$ 131,363.92	\$ 124,765.11	\$ 14,436.79	\$ 0.00	\$	\$ 14,436.79

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

(This Page Intentionally Left Blank)

THE U.S.D. #498 FOUNDATION
WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

STATEMENT 6

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

THE U.S.D.#498 FOUNDATION	09-10 ACTUAL
<u>CASH RECEIPTS</u>	
DONATIONS	\$ 15,796.00
INTEREST AND DIVIDENDS ON INVESTMENTS	<u>13,856.17</u>
 TOTAL CASH RECEIPTS	 <u>29,652.17</u>
 <u>EXPENDITURES</u>	
SCHOLARSHIPS	16,050.00
SCHOOL PROJECTS	6,674.95
TAX PREPARATION	495.00
TRUSTEE FEES	3,488.88
SUPPLIES AND FEES	118.31
REPAY WILLSON FUND REQUEST	15,000.00
REIMBURSE DISTRICT FOR BOND ISSUANCE EXPENSES	10,000.00
CAMPAIGN EXPENSES	9,213.84
ANNUAL REPORT	<u>40.00</u>
 TOTAL EXPENDITURES	 <u>61,080.98</u>
 RECEIPTS OVER (UNDER) EXPENDITURES	 (31,428.81)
 UNENCUMBERED CASH, JULY 1, 2009	 <u>477,334.73</u>
 UNENCUMBERED CASH, JUNE 30, 2010	 \$ <u><u>445,905.92</u></u>

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

(This Page Intentionally Left Blank)

VALLEY HEIGHTS AREA COMMUNITY EDUCATION & ACTION COUNCIL
WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

STATEMENT 7

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

VALLEY HEIGHTS AREA COMMUNITY EDUCATION & ACTION COUNCIL	09-10 <u>ACTUAL</u>
<u>CASH RECEIPTS</u>	
KANSAS AFTER SCHOOL GRANT	\$ 24,850.00
WILLSON TRUST AFTER SCHOOL GRANT MATCHING FUNDS	25,000.00
VALLEY HEIGHTS REC. COMMISSION	
USD #498 REC. COMM. DONATION	1,135.00
WILLSON TRUST REC. COMM. DONATION	500.00
CITY OF WATERVILLE DONATION	2,270.00
CITY OF BLUE RAPIDS DONATION	2,270.00
WILLSON TRUST REC. COMM. - BALL FEES	635.00
BALL FEES	2,520.00
TOURNAMENT DONATION	60.00
TOURNAMENT INCOME	<u>250.00</u>
 TOTAL CASH RECEIPTS	 <u>59,490.00</u>
 <u>EXPENDITURES</u>	
TRANSFER TO USD#498 KS AFTERSCHOOL GRANT FD.	49,850.00
VALLEY HEIGHTS REC. COMMISSION	
DIRECTOR SALARY	2,000.00
DIRECTOR EMPLOYEE BENEFITS	503.33
BALLFIELD DIRECTOR	3,512.64
BALLFIELD DIRECTOR EMPLOYEE BENEFITS	187.69
BALLFIELD SUPPLIES	1,270.28
UMPIRES	570.00
TOURNAMENT SUPPLIES	499.09
TOURNAMENT UMPIRES	1,515.00
MISCELLANEOUS	396.80
INSURANCE	<u>665.00</u>
 TOTAL EXPENDITURES	 <u>60,969.83</u>
 RECEIPTS OVER (UNDER) EXPENDITURES	 (1,479.83)
 UNENCUMBERED CASH, JULY 1, 2009	 <u>3,866.44</u>
 UNENCUMBERED CASH, JUNE 30, 2010	 <u>\$ 2,386.61</u>

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

(This Page Intentionally Left Blank)

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Unified School District No. 498 is a municipal corporation governed by an elected seven-member board. These financial statements present Unified School District No. 498 (the primary government) and its two component units. The component units are included in the unified school district's reporting entity because of the significance of their operational and financial relationship with the unified school district.

Discretely presented component units—the component units section of the financial statements includes the financial data of the discretely presented component units. These component units are reported separately to emphasize that they are legally separate from the unified school district.

The U.S.D. #498 Foundation— this foundation is a nonprofit corporation organized for charitable and educational purposes to provide support for the educational programs in Unified School District No. 498.

Valley Heights Area Community Education & Action Council - this entity is a nonprofit organization which is organized to provide an array of educational and recreational activities for the Valley Heights Community.

B. Fund accounting

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The following types of funds comprise the financial activities of the district for the fiscal year 2010:
Governmental funds

General fund--to account for all financial resources except those required to be accounted for in another fund.

Special revenue funds--to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditure for specified purposes.

Debt service fund--to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Capital projects fund--to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary and trust funds).

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Fund Accounting (cont.)

Fiduciary funds

Trust and agency funds--to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include (a) expendable trust funds, (b) nonexpendable trust funds, (c) pension trust funds, and (d) agency funds.

C. Basis of Accounting

Statutory Basis of Accounting--The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas, U.S.A. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund which the transfer is made.

The school district has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the school district to use the statutory basis of accounting.

Departure from accounting principles generally accepted in the United States of America--the basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense and liabilities such as deferred revenue, matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. General fixed assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. Reimbursed expenses

Unified School District No. 498 records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements.

E. Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding fiscal year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The Professional Development Fund was amended on April 10, 2010 from zero expenditures to \$20,000. The general fund maximum legal budget per the State Board of Education was set at \$3,114,114 on May 26, 2010.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received.

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

E. Budgetary Information (cont.)

Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds, fiduciary funds, permanent funds, and the following special revenue funds: Contingency Reserve and all federal programs and grant funds. Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

F. Property Tax

The county clerk calculates the final tax levy rates necessary to finance the budget subject to any legal limitations. After all budgets have been received and tax rates calculated, the clerk certifies the tax roll to the county treasurer, who prepares tax statements and receives payment.

Taxes become a lien against all property November 1st. Taxpayers have the option of paying in full or in two installments. The delinquency dates are December 21st and May 11th. Delinquent taxes were assessed interest at 7% per annum for calendar year 2010 and 8% per annum for calendar year 2009. This interest is retained by the county.

Taxes levied to finance the budget are made available to the district after January 1st and are distributed by the county treasurer approximately every month and a half. At least 50% of the taxes levied are available in January. Delinquent tax collections are distributed throughout the year.

2. DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the school district. The statute requires banks eligible to hold the district's funds have a main or branch bank in the county in which the school district is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The school district has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the school district's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The district has no investment policy that would further limit its investment choices.

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

2. DEPOSITS AND INVESTMENTS (cont.)

Concentration of credit risk. State statute place no limit on the amount the school district may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the district's deposits may not be returned to it. State statutes require the district's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at June 30, 2010. At June 30, 2010 the carrying amount of the district's deposits, including certificates of deposit, was \$1,452,329.57 and the bank balance was \$1,940,784.05. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$508,574.79 was covered by FDIC insurance and the remaining \$1,432,209.26 was collateralized with securities held by the pledging financial institutions' agents in the district's name.

Custodial credit risk - investments. At year-end the district had no investments (including repurchase agreements). The U.S.D. #498 Foundation has investments which were donated to the foundation and the book value and market values are as follows:

<u>STOCK</u>	<u># OF SHARES</u>	<u>COST</u>	<u>MARKET VALUE</u>
Money Market Fd		17,242.85	17,242.85
FLMC Due 2/25/25	10,000	10,000.00	10,041.00
Baxter Springs Ks AMBAC	10,000	9,943.70	10,018.00
General Electric	10,000	8,650.00	9,652.00
General Electric Cap Co	10,000	10,231.30	10,962.00
LA Housing Fin Agency	7,499.98	7,044.14	7,345.00
AZ Ft Defiance	10,000	9,000.00	8,230.00
HLR LLC	5,000	4,632.05	4,675.00
Sparks Reg Med Ctr	4,000	3,880.00	3,930.00
E Rochester NY FNMA	10,000	9,629.90	10,108.00
TX Dept of Housing SFM	7,726	7,874.27	8,260.00
River City Stadium CA	10,000	9,250.00	9,900.00

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

2. DEPOSITS AND INVESTMENTS (cont.)

Vanguard St Invmnt Grade	2336.449	25,000.00	25,070.00
LL&P Wind Energy, WA	10,000	9,045.00	10,002.00
NJ Econ Dev	5,000	4,777.30	4,903.00
NM Mtg (Manzano Apts)	5,000	4,550.00	4,550.00
Lord Abbett Affl.	4523.592	68,573.15	42,069.00

3. LONG-TERM DEBT

Changes in long-term liabilities for the school district for the year ended June 30, 2010, were as follows:

ISSUE	INTEREST RATES	DATE OF ISSUE	AMOUNT OF ISSUE	DATE OF FINAL MATURITY	BEGINNING PRINCIPAL OUTSTANDING	ADDITIONS TO PRINCIPAL	REDUCTIONS OF PRINCIPAL	NET CHANGE IN PRINCIPAL	ENDING PRINCIPAL OUTSTANDING	INTEREST PAID
GENERAL OBLIGATION BONDS: REFUNDING SERIES 2004	2.0 - 4.25%	12/01/04	1,630,000.00	12/01/2018	\$ 1,245,000.00	\$ 0.00	\$ 105,000.00	\$ (105,000.00)	\$ 1,140,000.00	\$ 45,407.50
SERIES 2008	4.6 - 5.5%	10/23/08	2,135,000.00	09/01/23	<u>2,135,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>2,135,000.00</u>	<u>98,975.00</u>
					<u>\$ 3,380,000.00</u>	<u>\$ 0.00</u>	<u>\$ 105,000.00</u>	<u>\$ (105,000.00)</u>	<u>\$ 3,275,000.00</u>	<u>\$ 144,382.50</u>

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	YEAR								
	2011	2012	2013	2014	2015	2016-2020	2021-2025	TOTAL	
PRINCIPAL									
GEN. OBLIGATION REFUNDING BONDS-SERIES 2004	\$ 110,000.00	\$ 110,000.00	\$ 110,000.00	\$ 120,000.00	\$ 125,000.00	\$ 565,000.00	\$ 0.00	\$ 1,140,000.00	
GEN. OBLIGATION BONDS-SERIES 2008	<u>35,000.00</u>	<u>45,000.00</u>	<u>55,000.00</u>	<u>55,000.00</u>	<u>65,000.00</u>	<u>615,000.00</u>	<u>1,265,000.00</u>	<u>2,135,000.00</u>	
TOTAL PRINCIPAL	<u>145,000.00</u>	<u>155,000.00</u>	<u>165,000.00</u>	<u>175,000.00</u>	<u>190,000.00</u>	<u>1,180,000.00</u>	<u>1,265,000.00</u>	<u>3,275,000.00</u>	
INTEREST									
GEN. OBLIGATION REFUNDING BONDS-SERIES 2004	42,180.00	38,660.00	34,920.00	30,775.00	26,148.75	49,131.25	0.00	221,815.00	
GEN. OBLIGATION BONDS-SERIES 2008	<u>98,012.50</u>	<u>95,812.50</u>	<u>93,062.50</u>	<u>90,037.50</u>	<u>86,900.00</u>	<u>372,985.00</u>	<u>120,247.50</u>	<u>957,057.50</u>	
TOTAL INTEREST	<u>140,192.50</u>	<u>134,472.50</u>	<u>127,982.50</u>	<u>120,812.50</u>	<u>113,048.75</u>	<u>422,116.25</u>	<u>120,247.50</u>	<u>1,178,872.50</u>	
TOTAL PRINCIPAL AND INTEREST	<u>\$ 285,192.50</u>	<u>\$ 289,472.50</u>	<u>\$ 292,982.50</u>	<u>\$ 295,812.50</u>	<u>\$ 303,048.75</u>	<u>\$ 1,602,116.25</u>	<u>\$ 1,385,247.50</u>	<u>\$ 4,453,872.50</u>	

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

4. INTERFUND TRANSFERS

<u>From</u>	<u>To</u>	<u>Authority</u>	<u>Amount</u>
General Fund	Food Service Fund	K.S.A. 72-6428	62,400.00
General Fund	Professional Development Fd.	K.S.A. 72-6428	21,000.00
General Fund	Special Education Fund	K.S.A. 72-6428	750,530.04
General Fund	Vocational Education Fund	K.S.A. 72-6428	123,300.00
General Fund	Parents as Teachers Fund	K.S.A. 72-6428	13,359.00
General Fund	At Risk K-12 Fund	K.S.A. 72-6428	352,703.83
General Fund	At Risk 4 Year Old Fund	K.S.A. 72-6428	16,800.00
General Fund	Drivers Education Fund	K.S.A. 72-6428	400.00
General Fund	Bilingual Fund	K.S.A. 72-6428	1,100.00
General Fund	Summer School Fund	K.S.A. 72-6428	1,352.00
Supplemental General Fd.	At Risk K-12 Fund	K.S.A. 72-6433	6,931.26

5. DEFINED BENEFIT PENSION PLAN

Plan description. The Unified School District No. 498, Waterville, Kansas, participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes 8.57% of covered payroll. These contribution requirements are established by KPERS and are periodically revised. Kansas' contributions to KPERS for all Kansas public school employees for the years ending June 30, 2010, 2009, and 2008 were \$248,468,186, \$242,277,363, and \$220,815,154, respectively, equal to the required contributions for each year.

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

6. OTHER POST EMPLOYMENT BENEFITS

Other post employment benefits. As provided by K.S.A. 12-5040, the school district allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the district is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the district makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the school district under this program.

7. FRINGE BENEFITS

The district provides a single membership health insurance for all certified staff. Certified staff who have the board-provided single health insurance may opt to pick another option if the teacher provides the district with written permission to take the additional cost of the selected option from their salary. The junior-senior high school principal is provided family health insurance, Option KE1 of the current Blue Cross Blue Shield coverage. The elementary principal receives Employee/Children health insurance, Option KE1. The district agrees to pay the superintendent's group health insurance Employee/Dependents plan with the USD #498 group health insurance, Option KE1.

All non-certified full-time employees are required to be a member of the district's group health insurance plan unless they prove satisfactory group health insurance coverage elsewhere. Twelve-month and nine-month employees participating in the district's health plan will have 100% of the district low option single membership paid by the district. The school district also established a salary reduction program in conformity with Section 125 of the Internal Revenue Code. Any employee may reduce their salary by an amount up to the statutory limit on non-taxable benefits as set forth in the program. Items by which the employee may reduce his/her contract are as follows:

- (A) Health insurance
- (B) Cancer insurance
- (C) Salary protection insurance
- (D) Dental and vision insurance
- (E) Unreimbursed medical expenses not covered by insurance
- (F) Dependent care assistance

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

8. COMPENSATED ABSENCES

The District's policies regarding vacation and sick leave are: Teachers are allowed 8 days sick leave accumulative to 60 days and four days of discretionary leave per year; at year end the teachers can either transfer unused discretionary leave days to sick leave or elect to receive reimbursement; the superintendent is allowed 10 days sick leave accumulative to 60 days and 20 days vacation; the principals are allowed 10 days sick leave accumulative to 60 days; the U.S.D. clerk, custodians, tech coordinator, community education coordinator, and secretaries on a 12-month contract are allowed 8 days sick leave accumulative to 56 days; cooks, paraprofessionals, bus drivers, and secretaries on a 9-month contract are allowed six days sick leave accumulative to 42 days; and all non-certified employees on a 12-month contract are allowed two weeks vacation and after 15 years of employment in the district are allowed three weeks vacation. Two days of the non-certified employees' sick days can be utilized as personal leave days.

Liability for compensated absences is not reflected in the financial statements

9. COMMITMENTS AND CONTINGENCIES

Litigation As of the audit date, there is no pending or threatened litigation which involves the Unified School District No. 498.

Grant program involvement In the normal course of operations, the District participates in various Federal or State grant programs from year to year. The grant programs are often subject to additional audits by agents of the granting agency, the purpose of which is to ensure compliance with the specific conditions of the grant. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

10. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance With Finance-Related Legal and Contractual Provisions

The Title IV program is a reimbursable Federal program. Exemption from the Kansas cash basis law K.S.A. 10-1113 is allowed for Federal programs under K.S.A. 12-1664. The District can only be reimbursed for actual expenses which must be submitted for payment. Reimbursement for Title IV in the amount of \$100.00 was received in the next fiscal year. Early Childhood Grant monies of \$12,378.00 were received in August, 2010.

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

10. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (cont.)

Compliance With Finance-Related Legal and Contractual Provisions (cont.)

K.S.A. 75-3317 through 75-3322 makes mandatory the purchase of products offered by Kansas industries for the blind and severely disabled. "The Kansas Use Law" states that when a unified school district has need to purchase products such as those listed in the Kansas State Use Catalog, it is a violation of Kansas law to purchase from any source other than those specified on the website or catalog. USD #498 did not make any purchases of such products from these industries.

Compliance With K.S.A. 72-6417 (d) and K.S.A. 72-6434 (d)

K.S.A. 72-6417 (d) and K.S.A. 72-6434 (d) requires the school district to record any payment of general state aid that is due to be paid during the month of June and is paid to the school district after June 30, as a receipt for the school year ending on June 30. This year due to lack of state funds, schools were forced to record the last two payments from KPERS as received in June even though the electronic funds transfer didn't come through till July 8, 2010. Our audit reflects these payments as deposits in transit for the district. Only the General and Supplemental General state aid monies have statutory authority to record these payments in June. The following shows the revenue as required by the statutes.

(The remainder of this page is intentionally left blank.)

45

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

INTERNAL CONTROL AND COMPLIANCE INFORMATION

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
6/30/2010

STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SUPPLEMENTAL GENERAL FUND

		STATUTORY TRANSACTIONS	09-10 BUDGET	VARIANCE - OVER (UNDER)
STATUTORY REVENUES				
GENERAL PROPERTY TAXES--				
AD VALOREM PROPERTY TAXES	-2008	\$ 15,135.87	\$ 36,363.00	\$ (21,227.13)
	-2009	385,624.57	364,868.00	20,756.57
DELINQUENT PROPERTY TAX		7,802.32	3,262.00	4,540.32
MOTOR VEHICLE TAX		55,880.45	59,971.00	(4,090.55)
RECREATIONAL VEHICLE TAX		1,127.01	1,183.00	(55.99)
SUPPLEMENTAL STATE AID		423,939.00	562,203.00	(138,264.00)
FEDERAL ARRA STABILIZATION		144,038.00	0.00	144,038.00
TOTAL STATUTORY REVENUES		<u>1,033,547.22</u>	<u>\$ 1,027,850.00</u>	<u>\$ 5,697.22</u>
EXPENDITURES				
INSTRUCTION	-SALARIES	0.00	\$ 38,785.00	\$ 38,785.00
	-SALARIES - ARRA	138,767.09	0.00	(138,767.09)
	-EMPLOYEE BENEFITS	5,344.77	17,967.00	12,622.23
	-EMPLOYEE BENEFITS - ARRA	5,270.91	0.00	(5,270.91)
	-OTHER PURCHASED SERVICES	58,091.08	60,000.00	1,908.92
	-SUPPLIES	66,899.36	56,500.00	(10,399.36)
	-PROPERTY (EQUIP. & FURN.)	62,438.96	60,000.00	(2,438.96)
	-OTHER	24,888.08	53,000.00	28,111.92
GENERAL ADMIN.	-SALARIES	13,773.56	0.00	(13,773.56)
	-EMPLOYEE BENEFITS	1,218.59	0.00	(1,218.59)
	-OTHER	120.00	12,368.00	12,248.00
OPERATIONS & MAINTENANCE	-SALARIES	108,671.04	141,000.00	32,328.96
	-EMPLOYEE BENEFITS	42,517.93	42,000.00	(517.93)
	-REPAIRS & MAINTENANCE	50,820.69	83,500.00	32,679.31
	-REPAIR OF BUILDINGS	146,091.99	91,000.00	(55,091.99)
	-OTHER PURCHASED SERVICES	68,023.49	5,000.00	(63,023.49)
	-SUPPLIES	22,433.92	29,200.00	6,766.08
	-UTILITIES	146,488.03	133,000.00	(13,488.03)
	-OTHER	17,693.57	0.00	(17,693.57)
OTHER SUPPLEMENTAL SERVICES	-SALARIES	38,786.00	0.00	(38,786.00)
	-EMPLOYEE BENEFITS	20,902.68	0.00	(20,902.68)
	-ARCH. & ENGINEERING	0.00	18,000.00	18,000.00
TRANSFER TO SPECIAL EDUCATION		0.00	100,000.00	100,000.00
TRANSFER TO VOCATIONAL EDUCATION		0.00	13,000.00	13,000.00
TRANSFER TO 4 YEAR OLD AT RISK		0.00	15,000.00	15,000.00
TRANSFER TO K-12 AT RISK		6,931.26	76,853.00	69,921.74
TOTAL EXPENDITURES		<u>1,046,173.00</u>	<u>\$ 1,046,173.00</u>	<u>\$ 0.00</u>
REVENUES OVER (UNDER) EXPENDITURES		(12,625.78)		
MODIFIED UNENCUMBERED CASH, JULY 1, 2009		<u>18,268.64</u>		
MODIFIED UNENCUMBERED CASH, JUNE 30, 2010		<u>\$ 5,642.86</u>		

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

FEDERAL AWARD INFORMATION

KICKHAEFER & ASSOCIATE, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

Kenneth L. Kickhaefer, CPA

PO BOX 269, 1100 BROADWAY
MARYSVILLE, KS 66508-0269

(785) 562-2100
FAX (785) 562-2166

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Education
Unified School District No. 498
Waterville, Kansas 66548

We have audited the financial statements of the governmental activities, and the aggregate discretely presented component units of Unified School District No. 498, Waterville, Kansas, as of and for the year ended June 30, 2010, which collectively comprise the district's basic financial statements and have issued a report thereon dated February 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the Kansas Municipal Audit Guide.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Unified School District No. 498, Waterville, Kansas' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Unified School District No. 498's internal control over financial reporting. According, we do not express an opinion on the effectiveness of Unified School District No. 498's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the school's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the cash basis and budget laws of Kansas such that there is more than a remote likelihood that a misstatement of Unified School District No. 498's financial statements that is more than inconsequential will not be prevented or detected by the district's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the school district's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

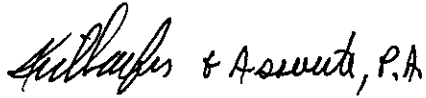
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Unified School District No. 498, Waterville, Kansas', financial statements are free of material misstatement, we performed tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with

those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the Board of Directors of the USD #498 Foundation in a separate letter dated February 14, 2011.

This report is intended solely for the information and use of the Board of Education and management of the Unified School District No. 498, Waterville, Kansas, federal awarding agencies and pass-through entities, the Kansas Department of Administration, Division of Accounts and Reports, and the Kansas Department of Education and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Kickhaefer & Associate, P.A.".

Kickhaefer & Associate, P.A.
Marysville, Kansas
February 14, 2011

KICKHAEFER & ASSOCIATE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

Kenneth L. Kickhaefer, CPA

PO BOX 269, 1100 BROADWAY
MARYSVILLE, KS 66508-0269

(785) 562-2100
FAX (785) 562-2166

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Education
Unified School District No. 498
Waterville, Kansas 66548

Compliance

We have audited the compliance of the Unified School District No. 498, Waterville, Kansas, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. Unified School District No. 498, Waterville, Kansas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Unified School District No. 498, Waterville, Kansas' management. Our responsibility is to express an opinion on Unified School District No. 498, Waterville, Kansas' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *Kansas Municipal Audit Guide*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Unified School District No. 498, Waterville, Kansas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Unified School District No. 498, Waterville, Kansas' compliance with those requirements.

In our opinion, Unified School District No. 498, Waterville, Kansas complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control over Compliance

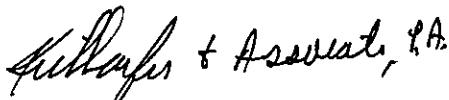
The management of Unified School District No. 498, Waterville, Kansas, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and

performing our audit, we considered Unified School District No. 498, Waterville, Kansas' internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Unified School District No. 498, Waterville, Kansas' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Education and management of the Unified School District No. 498, Waterville, Kansas, federal awarding agencies and pass-through entities, the Kansas Department of Administration, Division of Accounts and Reports, and the Kansas Department of Education and is not intended to be and should not be used by anyone other than these specified parties.



Kickhafer & Associate, P.A.
Marysville, Kansas
February 14, 2011

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

STATEMENT 8

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT NUMBER	PROGRAM OR AWARD AMOUNT	BEGINNING BALANCE 07-01-09	RECEIPTS	EXPENDITURES	ENDING BALANCE 06-30-10
U.S. DEPT. OF EDUCATION:							
DIRECT PROGRAMS:							
RURAL EDUCATION ACHIEVEMENT PROGRAM-FY09	84.358A		\$ 25,952.00	\$ (70.76)	\$ 7,200.00	\$ 6,644.65	\$ 484.59
TEACHING AMERICAN HISTORY	84.215X	U215X060157	999,959.00	1.00	0.00	0.00	1.00
TOTAL DIRECT PROGRAMS						<u>6,644.65</u>	
PASS-THROUGH PROGRAMS FROM:							
KANSAS DEPARTMENT OF EDUCATION:							
TITLE I - FY 10	84.010		69,188.00	0.00	69,188.00	69,188.00	0.00
TITLE I - ARRA	84.389		36,379.00	0.00	11,670.00	9,566.79	2,103.21
TITLE II - A	84.367		19,262.00	0.00	19,262.00	19,262.00	0.00
TITLE II - D	84.318		567.00	0.00	567.00	567.00	0.00
TITLE IV	84.186		1,326.00	0.00	1,000.00	1,060.82	(60.82)
ARRA - STABILIZATION	84.394		289,775.00	0.00	289,775.00	289,775.00	0.00
DATA USE GRANT	84.372		800.00	0.00	800.00	800.00	0.00
NEMAHA VALLEY CONSORTIUM:							
SECONDARY IMPROVEMENT FUNDS	84.048		3,656.50	0.00	3,656.50	3,656.50	0.00
PEP GRANT	84.215F	1890-004	24,860.56	0.00	24,860.56	24,860.56	0.00
TOTAL PASS-THROUGH PROGRAMS						<u>418,736.67</u>	
TOTAL U.S. DEPT OF EDUCATION						<u>425,381.32</u>	
U.S. DEPT. OF HEALTH AND HUMAN SERVICES:							
DIRECT PROGRAMS:							
RURAL HEALTH CARE SERVICES OUTREACH	93.912		100,000.00	0.00	54,892.00	54,891.49	0.51
RURAL HEALTH CARE SERVICES OUTREACH	93.912	D04RH07909-02	125,000.00	(73.09)	13,849.00	13,775.91	0.00
TOTAL DIRECT PROGRAMS						<u>68,667.40</u>	
PASS-THROUGH PROGRAM FROM:							
KANSAS DEPT. OF SOCIAL & REHABILITATION SERVICES:							
MEDICAL ASSISTANCE PROGRAM	93.778		1,732.64	0.00	1,732.64	1,732.64	0.00
TOTAL U.S. DEPT. OF HEALTH AND HUMAN SERVICES						<u>70,400.04</u>	
U.S. DEPT. OF AGRICULTURE:							
PASS-THROUGH PROGRAMS FROM:							
KANSAS DEPARTMENT OF EDUCATION:							
SCHOOL BREAKFAST PROGRAM	10.553		37,635.08	0.00	37,635.08	37,635.08	0.00
SCHOOL LUNCH PROGRAM	10.555		96,457.57	0.00	96,457.57	96,457.57	0.00
FRESH FRUITS AND VEGETABLES	10.582		9,567.20	0.00	9,567.20	9,567.20	0.00
TOTAL PASS-THROUGH PROGRAMS						<u>143,659.85</u>	
TOTAL U.S. DEPT. OF AGRICULTURE						<u>143,659.85</u>	
TOTAL EXPENDITURES OF FEDERAL AWARDS						<u>\$ 639,441.21</u>	

SEE ACCOMPANYING NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

(This Page Intentionally Left Blank)

UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2010

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Unified School District No. 498, Waterville, Kansas and is presented on a basis of accounting which demonstrates compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract.

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

(This Page Intentionally Left Blank)

UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the Unified School District No. 498, Waterville, Kansas' financial statements under the statutory basis of accounting and an adverse opinion under GAAP dated February 14, 2011.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Unified School District No. 498, Waterville, Kansas, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No material weaknesses in internal control relating to the audit of the major federal award programs are reported in the Report of Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Unified School District No. 498, Waterville, Kansas expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for Unified School District No. 498, Waterville, Kansas, that are required to be reported in accordance with Section 510(a) of Circular A-133.
7. The major program for Unified School District No. 498, Waterville, Kansas, was the State Fiscal Stabilization Fund – ARRA Program, CFDA No. 84.394. The Stabilization – ARRA Program is a U.S. Department of Education program.
8. The dollar threshold between Type A programs and Type B programs was \$300,000.
9. The Unified School District No. 498, Waterville, Kansas, did qualify under Section 530 as a low-risk auditee and therefore was eligible for reduced audit coverage in accordance with Section 520.

UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT.)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

FINDINGS - FINANCIAL STATEMENT AUDIT

No matters noted in current fiscal year.

There were no prior year financial statement audit findings.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

No matters noted in the current fiscal year.

There were no prior year major federal award program findings or questioned costs.

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

SUPPLEMENTAL INFORMATION

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

SCHEDULE 1

COMPARISON OF DEPOSITORY SECURITY WITH FUNDS ON DEPOSIT
6/30/2010

	F.D.I.C. COVERAGE	SECURITY PLEDGED PAR VALUE	MARKET VALUE	TOTAL COVERAGE	FUNDS ON DEPOSIT 06-30-10	FUNDS AT RISK 06-30-10
BANK						
CITIZENS STATE BANK, WATERVILLE, KANSAS						
DEMAND DEPOSITS	\$ 6,004.85				\$ 6,004.85	
TIME DEPOSITS	250,000.00				1,121,086.10	
SUBTOTAL CITIZENS STATE BANK	256,004.85	\$ 2,355,000.00	\$ 2,415,281.44	\$ 2,671,286.29	1,127,090.95	\$ 0.00
STATE BANK OF BLUE RAPIDS, BLUE RAPIDS, KS						
DEMAND DEPOSITS	2,569.94				2,569.94	
TIME DEPOSITS	250,000.00				811,123.16	
SUBTOTAL STATE BANK OF BLUE RAPIDS	252,569.94	1,519,018.74	1,594,127.33	1,846,697.27	813,693.10	0.00
USD #498 FOUNDATION:						
CITIZENS STATE BANK, WATERVILLE, KANSAS						
DEMAND/TIME DEPOSITS	25,143.69			25,143.69	25,143.69	0.00
STATE BANK OF BLUE RAPIDS, BLUE RAPIDS, KANSAS						
TIME DEPOSITS	41,438.57			41,438.57	41,438.57	0.00
VALLEY HEIGHTS AREA COMM. ED. & ACTION COUNCIL:						
CITIZENS STATE BANK, WATERVILLE, KANSAS						
DEMAND DEPOSITS	2,386.61			2,386.61	2,386.61	0.00
TOTALS	\$ 577,543.66	\$ 3,874,018.74	\$ 4,009,408.77	\$ 4,586,952.43	\$ 2,009,752.92	\$ 0.00

VALLEY HEIGHTS UNIFIED SCHOOL DISTRICT NO. 498
BLUE RAPIDS - WATERVILLE, KANSAS
MARSHALL COUNTY, KANSAS

(This Page Intentionally Left Blank)

THE U.S.D. #498 FOUNDATION												SCHEDULE 16
SCHEDULE OF RECEIPTS AND DISBURSEMENTS												
JULY 1, 2009 TO JUNE 30, 2010												
	Total All Funds	General Scholarship Funds	Office Account	MMDA Account	Lawless-Lord Abbott Donation	Lowell Blaser Family Mem. CD #21642	Lindquist Memorial CD #1560	Richard Batchelor CD#22636	Amer Legion VFW CD#1198317	Brychta Mem. The Trust Co. of Manhattan	Benfield CD #1198316	
FUND BALANCE, JULY 1, 2009	\$ 477,334.73	\$ 311.42	\$ 17,231.29	\$ 6,803.67	\$ 68,285.03	\$ 9,646.05	\$ 2,107.51	\$ 10,658.97	\$ 20,655.31	\$ 319,602.64	\$ 22,032.84	
RECEIPTS:												
DONATIONS	15,796.00	1,975.00	925.00	12,896.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
TRANSFER FROM CHECKING	0.00	(700.00)	700.00									
DIVIDENDS AND CAPITAL GAINS	179.08	0.00	0.00	0.00	185.92	0.00	0.00	0.00	0.00	(6.84)	0.00	
INTEREST ON INVESTMENTS	13,677.09	0.00	0.00	102.72	0.00	208.10	104.76	251.31	619.24	11,964.06	396.90	
TOTAL RECEIPTS	29,652.17	1,275.00	1,625.00	12,998.72	185.92	208.10	104.76	251.31	619.24	11,997.22	396.90	
DISBURSEMENTS:												
SCHOLARSHIPS:												
VALLEY HEIGHTS PROJECTS	16,050.00	1,750.00	0.00	0.00	0.00	500.00	100.00	0.00	1,200.00	12,500.00	0.00	
REIMBURSE DISTRICT FOR BOND EXPENSES	6,674.95	498.95	0.00	1,200.00	3,000.00	0.00	0.00	910.28	0.00	0.00	1,065.72	
REPAY WILLSON FUND REQUEST	10,000.00	0.00	0.00	10,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
CAMPAIGN EXPENSES	15,000.00	0.00	15,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
ANNUAL REPORT	9,213.84	0.00	3,536.75	5,677.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
TAX PREP. FEE	40.00	40.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
TRUSTEE FEES	495.00	495.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
SUPPLIES AND FEES	3,488.88	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,488.88	0.00	
	118.31	10.60	107.71	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
TOTAL DISBURSEMENTS	61,080.98	2,784.55	18,644.46	16,877.09	3,000.00	500.00	100.00	910.28	1,200.00	15,988.88	1,065.72	
FUND BALANCE, JUNE 30, 2010	\$ 445,905.92	\$ (1,208.13)	\$ 211.83	\$ 2,925.30	\$ 65,470.95	\$ 9,354.15	\$ 2,112.27	\$ 10,000.00	\$ 20,074.55	\$ 315,600.98	\$ 21,364.02	
COMPRISED OF:												
CASH IN BANK												
CITIZENS STATE BANK-WATERVILLE, KS	\$ (44.49)	\$ (1,208.13)	\$ 0.00	\$ 0.00	\$ (2,916.40)	\$ (645.85)	\$ 61.22	\$ 0.00	\$ 0.00	\$ 4,664.67	\$ 0.00	
CHECKING ACCOUNT #312074	211.83	0.00	211.83	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
OFFICE ACCOUNT #194670	2,925.30	0.00	0.00	2,925.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
MMDA ACCOUNT #620997	2,051.05	0.00	0.00	0.00	0.00	0.00	2,051.05	0.00	0.00	0.00	0.00	
CD #1560	10,000.00	0.00	0.00	0.00	0.00	0.00	0.00	10,000.00	0.00	0.00	0.00	
CD #22636	10,000.00	0.00	0.00	0.00	0.00	10,000.00	0.00	0.00	0.00	0.00	0.00	
CD #21642	10,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
STATE BANK OF BLUE RAPIDS, BLUE RAPIDS, KS	21,364.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	21,364.02	
CD #1198316	20,074.55	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20,074.55	0.00	0.00	
CD #1198317												
INVESTMENTS - AT COST												
THE TRUST COMPANY, MANHATTAN, KS	17,242.85	0.00	0.00	0.00	(185.60)	0.00	0.00	0.00	0.00	17,428.45	0.00	
MONEY MARKET FUND	45,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	45,000.00	0.00	
COMMUNITY FIRST BANK CD	15,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15,000.00	0.00	
CITIZENS STATE BANK CD	25,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25,000.00	0.00	
FIRST NATIONAL BANK WAMEGO CD	20,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20,000.00	0.00	
HILLCREST BANK CD	20,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20,000.00	0.00	
KANSAS STATE BANK CD	25,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25,000.00	0.00	
JP MORGAN STEP UP CD	20,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20,000.00	0.00	
WELLS FARGO CD	10,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10,000.00	0.00	
VANGUARD SHORT TERM INVMT GRADE	25,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25,000.00	0.00	
GENERAL ELECTRIC	8,650.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,650.00	0.00	
GENERAL ELECTRIC CAP CO	10,231.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10,231.30	0.00	
BAXTER SPRINGS KS PCR	9,943.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9,943.70	0.00	
FLMDC DUE 2/23/25	10,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10,000.00	0.00	
AZ FT DEFENCE	9,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9,000.00	0.00	
LA HOUSING FIN. AGENCY	7,044.14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,044.14	0.00	
TX DEPT. OF HOUSING	7,874.27	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,874.27	0.00	
RIVER CITY STADIUM CA	9,250.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9,250.00	0.00	
HLR LLC (LITTLE ROCK HILTON)	4,632.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,632.05	0.00	
E. ROCHESTER NY FNMA	9,629.90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9,629.90	0.00	
SPARKS REG MED CTR COP	3,880.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,880.00	0.00	
LL&P WIND ENERGY WA	9,045.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9,045.00	0.00	
NJ ECON DEV	4,777.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,777.30	0.00	
NM MTG (MANZANO MESA APTS)	4,550.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,550.00	0.00	
LORD ABBETT AFFILIATED FUND A - 4523.592 SH	68,573.15	0.00	0.00	0.00	68,573.15	0.00	0.00	0.00	0.00	4,550.00	0.00	
TOTAL	\$ 445,905.92	\$ (1,208.13)	\$ 211.83	\$ 2,925.30	\$ 65,470.95	\$ 9,354.15	\$ 2,112.27	\$ 10,000.00	\$ 20,074.55	\$ 315,600.98	\$ 21,364.02	

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.